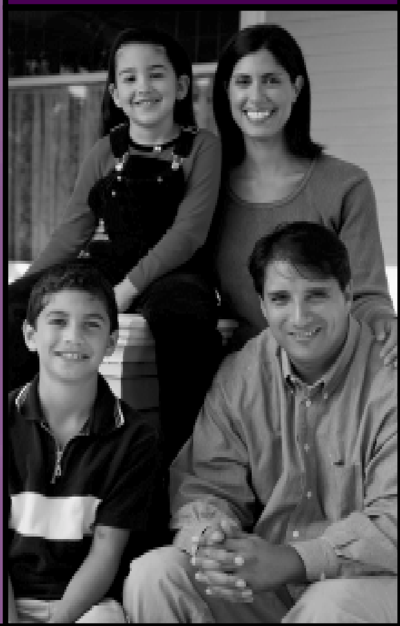
Rhode Island's Family Independence Act:

FEBRUARY 2002

Research Demonstrates Wisdom of Putting Families First



A research report sponsored by:

United Way of southeastern new england

The Welfare Reform Research Project at the School of Social Work

February, 2002

To the Reader:

The United Way of Southeastern New England, The Rhode Island Department of Human Services and The Welfare Reform Research Project at Rhode Island College School of Social Work are pleased to have sponsored the preparation of this synthesis report–Rhode Island's Family Independence Act: Research Demonstrates Wisdom of Putting Families First.

Many reports and analyses have been completed or are in process regarding Rhode Island's Family Independence Program. Because Rhode Island's law is so unique, we have an important story to tell at both the state and national levels. Our goal in creating this document was to offer to the community a variety of research findings in one, accessible place. By moving from separate reports to a single, comprehensive document, we allowed all the principal investigators and authors of reports to develop a means for telling the story of the last five years.

Guiding us through this process was Dr. Anne Marshall Christner of A&M Consulting. Dr. Christner facilitated sessions that helped us to understand what we had collected, how to cull out the key findings and how to present them thoughtfully and clearly. We are indebted to Dr. Christner for her insightful grasp of the issues and above all for her superb writing skills. This report, authored by Dr. Christner and reviewed and edited by the members of the Welfare Reform Implementation Task Force Evaluation Sub-Committee, represents the culmination of a six-month effort to create a synthesis report, that we hope will be used and read by many in the community dedicated to helping those receiving public assistance.

We are particularly grateful for the level of cooperation evidenced among the many authors whose works are cited in this report. Additionally, the work of the members of the Evaluation Sub-Committee and the Welfare Reform Implementation Task Force has been invaluable during the first five years of welfare reform in Rhode Island. This truly has been a community effort from the initial passage of the Family Independence Act in 1996 to implementation and assessment of the program to date.

Knowing that nothing is perfect and that there is more work ahead to improve on the first five years of welfare reform, we should nonetheless be very proud that Rhode Island decided to put families first. Given the level of change reflected in welfare policy, the findings in this report attest to a very strong start to what we believe will be a significant, long-term effort with significant positive outcomes.

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The Welfare Reform
Research Project at the
School of Social Work

Rhode Island's Family Independence Act:
Research Demonstrates Wisdom of Putting Families First

Submitted by Anne Marshall Christner, Ph.D.

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The author of this report was Anne Marshall Christner, Ph.D. Dr. Christner is an independent consultant for nonprofit organizations, primarily in developing and evaluating health and human service programs; she also writes reports, manuals, and training curricula. She formerly was a faculty member at the University of Rhode Island and then a developmental editor for Manisses Communications Group in Providence. All of Dr. Christner's professional and volunteer work has focused on the impact of public policy and of decisions made by businesses and human service providers on the well-being of individuals. She earned a Ph.D. in Sociology from the University of Massachusetts – Amherst.

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Executive Summary

When public policy is changed to reach new ends – as was true for welfare reform legislation passed by the U.S. Congress in 1996 – it is critical to look back periodically to see how well the new rules and resources have produced the desired results. To facilitate taking that look, this report synthesizes the most important research and evaluation studies that have been conducted on the effects of Rhode Island's special approach to welfare reform – the Family Independence Act.

Rhode Island's Family Independence Act (FIA) is considered by many to be unique in its objectives and means for achieving them. Tufts University Center for Hunger and Poverty ranked Rhode Island's welfare reform program third in the nation for its impact on families' economic future, because it emphasized families first instead of work first. The evaluation conducted by researchers from Rhode Island College, Wellesley College, RI Department of Human Services, Brown University, Rhode Island Public Expenditure Council, The Poverty Institute, and MCH Evaluation provides compelling evidence that FIA policies and procedures have achieved what they set out to do. Namely, the Family Independence Act has:

- Improved most of the target families' economic status and capacity for long-term employment through a variety of work readiness and support services; and
- Maintained or improved the well-being of RI children and families as a whole through its supportive policies, including an earned income disregard that permits continuing cash assistance if earnings are low, and ongoing quality child care and health insurance.

Changes in the Federal and Rhode Island Welfare Laws

President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) on August 22, 1996. Among other things, this new law ended an entitlement program for poor families called Aid to Families with Dependent Children (AFDC), replacing it with block grants to states called Temporary Assistance for Needy Families (TANF). The key differences were that cash assistance is no longer an entitlement and it is intended to be time-limited. The primary goal of TANF was to move people from welfare to work, with an eye toward self-sufficiency. Accompanying that was the ultimate goal of reducing welfare caseloads. Finally, PRWORA permitted wide leeway for states to implement the reform in their own ways.

Rhode Island's Family Independence Program (FIP) was certified by the U.S. Department of Health and Human Services as the state's welfare reform program, after having had broad-based input not only from state administrative personnel, but also from business, the community, legislative leaders, and advocates for the poor. Moving people from welfare to work was still the goal, but FIP set out to do so in a way that was "swimming against a national tide."

The major policy provisions that made Rhode Island's program notable focused on fostering more lucrative and stable employment through a variety of supportive and training benefits, rather than demanding immediate employment. Additionally, FIP included supports for low-income working families in hopes of preventing the need for them to apply for cash assistance.

Another notable distinction was how successfully the RI Department of Human Services implemented the program and how much it involved members of the community. For example, Brown University's Thomas Anton and colleagues cite specific accomplishments of DHS's new alignment with FIA prerogatives. They said that DHS:

- completely reorganized around client populations rather than around programs in order to foster issue analysis, problem-solving, and the ability to effect change;
- collapsed two types of DHS social workers (Screeners and Pathways/employment workers) into one category called "FIP workers" who would be responsible for all aspects of service to their respective caseloads;
- engaged in intensive strategic planning that involved hundreds of DHS staff and identified departmental goals; and
- increased dramatically the level of coordination

between DHS and other state agencies, with the intent of fostering synergy rather than serendipitous results.

DHS Director Christine Ferguson believed that FIP would succeed only if clients and the wider community understood fully what the new program set out to do, and if DHS were responsive to public opinion and wishes. To do that, she formed a special committee, open to any interested parties, that would become known as the Welfare Reform Implementation Task Force. The collaboration has had its difficulties, but eventually an effective working alliance emerged; members of the task force had a voice in implementation policies, and DHS policies were legitimized by the community input and advice. The Brown researchers sum up this amazing process and results this way: "Participatory administration in Rhode Island welfare reform has become an important and unique contribution to the art of shared governance."

Features of the Family Independence Program and related supports include:

- Providing case management to help families with emotional and social needs.
- Continuing cash benefits to families who participate in education, training, and/or work readiness specified in their family independence plans for up to 24 months, with a few reasons for extensions beyond the two years.
- Allowing both parents to live in the home, whereas AFDC had required that one parent be absent, disabled, or unemployed.
- Rewarding employment by permitting families to keep the first $170 of earned monthly income with no effects on benefits, and deducting from FIP benefits half of earnings over $170 until income exceeds eligibility rules (earnings disregard).
- Maintaining pre-FIP benefit levels, except for a $50 per month reduction for families living in subsidized or public housing.
- Permitting exemptions from work-activity requirements for six categories of recipients.
- Departing from TANF rules limiting cash benefits to five years in these ways:
  - o no time limits on children
  - o the eligibility time limit does not begin until a family's needs have been assessed and incorporated into an individual employment plan
  - o the five-year "clock" can be stopped when the parent is unable to participate in work-related activities (for several reasons), or works at least 30 hours per week
  - o eligibility may be extended beyond the 60 months for hardship exemptions
- Offering child-care subsidies to working families with children up to age 16, provided they meet income guidelines.
- Providing RIte Care – the state's medical assistance program for low-income children, parents, and pregnant women – as long as their income falls within state guidelines.

FIA Impacts on Clients' Lives

When reviewing results from welfare reform, the fundamental question from the Federal perspective is the extent to which adults have left cash assistance and gotten jobs. Across the nation, the welfare rolls have been shrinking, but numerous evaluation studies have

found that although some adults left TANF when they got jobs, the jobs didn't last or pay well enough to make their families any better off; in fact, some are worse off.

Thus, for Rhode Island's approach to welfare reform, the question of interest for employment outcomes is how well the Family Independence Program (FIP) has improved families' economic status and capacity for long-term employment. The general answer to that question is "quite well." However, the question has many facets and thus, a number of ways to answer it. Specifically, the evaluation research reported on here found that:

- **In its first four years, FIP has nearly doubled the likelihood of parents being employed** – going from 20 percent in 1996 to 36 percent in 2000.
- **Increases in the RI minimum wage and FIP policies have contributed to raising former and current recipients above the Federal poverty level** (FPL); average quarterly income rose from $1,100 in 1996 to $2,500 in 2000, and 46% of those who have left FIP have risen above the FPL, regardless of labor market conditions and individual characteristics.
- **FIP and low-income adults have better access to child care and are using it while they go to work or to training and education programs**; utilization of child-care subsidies has increased by 46% for those receiving cash assistance and risen by 146% for low-income families.
- **FIP beneficiaries who used education and training opportunities were significantly more likely to be employed than before, and family earnings rose an average of $90 per month**; RI Department of Human Services more than tripled the amount of money spent on job readiness, placement, training, and education between 1997 and 2001.
- **Employed FIP beneficiaries are better off financially than those who are not employed**; average monthly cash income for Rhode Island College study participants was $994 for those receiving wages and cash assistance, compared with $648 for those who were not employed.

The second overarching question for those who are monitoring FIA's impact is whether its family and work supportive policies have helped to maintain or improve child and family well-being. As was true for the first overarching question, this one is complex and has a number of answers to it, such as the research findings that:

- **FIP has encouraged low-income two-parent families to stay together** and thus, contributed to their financial well-being. It also has **coincided with reducing pregnant and parenting teens receiving directly FIP benefits by 54.8%**; concurrently, there has been a 21% decline in the birth rate and an improvement in prenatal care for this group.
- **Rhode Island has proven to be particularly successful with its medical assistance policies** and procedures in that it has the lowest rate of uninsured citizens (6.2%) and children (2.4%) of all states. Moreover, RIte Care has provided an important incentive for FIP recipients to seek employment.
- Several indicators suggest that **some who are still eligible for food stamps after leaving cash assistance are not getting them**.
- **FIP parents are satisfied both with their children's lives** (90%) **and with their child care** (92.8%) although those who are employed and those who have left cash assistance are more satisfied with their children's overall quality of life.
- **FIP policies do not appear to have increased family stress** as indicated by the number of children in foster care, which actually has declined by 26.2% since FIP began. FIP also has permitted an average of 160 victims of domestic violence per quarter to waive temporarily the requirement for seeking child support and for employment in order to assure their safety during the transition to work.
- **The number of people sanctioned for not cooperating has risen steadily over time** – going from 425 in January 1999 to 655 in January 2001 – with their benefits shrinking.

Other Outcomes of Interest

In addition to the findings related to improved economic and family well-being, interested observers may have other questions about FIA's performance during its first four years. To anticipate those questions, this report demonstrates that:

- **Rhode Island has achieved the five goals established for its FIA** – that is:
  - o Families who receive cash assistance have been able to increase their household income through employment;
  - o There has been a gradual decrease in the level of cash assistance to families due to employment and the earnings disregard – one-parent families' average monthly FIP benefits declined by 10% and two-parent families' benefits have gone down 16% since the program began;
  - o There has been a gradual reduction in state expenditures for cash assistance for families, dropping by 61.3% – from $51.5 million in fiscal year 1997 to $19.9 million in fiscal year 2002 (total state and Federal expenses declined 25.4%);
  - o Cash assistance savings have been reinvested into health care, child care, education, and literacy and skills training; and
  - o Family cohesion has been enhanced and more stable living environments for children have been created.
- **Caseload reduction rates initially were slower in Rhode Island than many other states.** The law's emphasis on supporting families until they are in stronger positions to sustain their independence meant that leaving cash assistance would be a gradual process and it would accelerate later on – precisely what has happened.
- **Fear of in-migration from states with stricter rules was unfounded**. The proportion of new FIP cases attributable to in-migration from other states has stayed fairly steady over the past seven years, ranging from a high of 18.9% in 1995 to a low of 15.2% in 1998 (in-migration in the first six months of 2001 was 16.8% of the caseload.
- **The prospects for long-term employment and cycling back onto FIP are mixed**; one study found that although likelihood of employment and levels of income rose in tandem with FIP policies, the employment appears to be seasonal in nature and has low earnings. Thus, the prospects for FIP leavers depend on a number of factors that are beyond the control of the RI Department of Human Services.

- **There are continuing barriers to financial well-being**. These include the health of the RI economy, the nature of the jobs available to low-income workers, limitations in transportation, and the high cost of housing relative to residents' income. Additionally, the adults who are still receiving cash assistance may be more likely to have children with demanding needs and/or they themselves have barriers to gainful employment.
- **FIP's results compare favorably with other places** – for example, our state is:
  - o ***#1 in health coverage:*** Rhode Island's investment in RIte Care for more people has resulted in our state having the lowest rate of uninsured citizens and uninsured children. The investment has begun to pay off in better health outcomes, which should lower health care expenditures in the long run.
  - o ***Rhode Island ranked 10th in the nation on improvements in job entry for its welfare population and 7th on improvements in job retention***. Moreover, FIP has been recognized by *Working Mother* and *Parents* magazines for innovation in child care, including providing health care benefits to child care workers.
  - o ***Making progress toward lifting FIP families out of poverty:*** The proportion of U.S. female-headed households that fell below the Fed

eral poverty level was virtually the same in 1999 as it had been in 1995 (19.4%). In contrast, current and former FIP beneficiaries who are employed are more likely to have incomes that place them above the poverty level.

What Is Still Unknown

Aside from the fact that we must wait to research and learn some of the long-term effects of FIP policies, there are other unknown factors that could have important impacts. The most obvious is the economic forecast as it affects new jobs, job retention, and earning levels.

A second factor we know little about is the effects of time limits on welfare recipients' behaviors and subsequent well-being. It will not be until June 2002 that FIP time limits will affect adult beneficiaries who are not yet working at least 30 hours a week (or 35 hours a week for two-parent families). So, we can't say yet whether postponing that consequence will yield better, worse, or similar results, compared with states that required work first and started the 60-month "clock" immediately after implementing their welfare reform policies.

Nor do we know much about the psychosocial factors associated with a change of this magnitude. For example, children's long-term development may be affected adversely when their single parents are newly employed and have to cope with new stressors linked to juggling so many demands with limited resources. Furthermore, if those stressors are severe or long lasting, they may render the adults unable to work productively.

A fourth area of uncertainty is what will happen in Congress when TANF is up for reauthorization in 2002. Will they leave things the way they are with regard to permitting states leeway in their respective designs or will they try to reintroduce more standard rules? Standardization – *i.e.*, more mandates on what is allowed and demanded – may result in Rhode Island having to give up prematurely its experiment in placing families first instead of work first. Or will Congress cut back the amount of money available to states for welfare reform? If Congress decided to cut back on the block grants to states, Rhode Island would lose much-needed money to support the child-care subsidies, earned income disregard, and other employment supportive services so critical to FIP's success.

Conclusions

Rhode Island is fortunate to have the breadth and depth of evaluation research that has been conducted on the effectiveness of its Family Independence Act. Researchers were able to compare RI statistics before and after implementation of the law, as well as track trends since its inception. We have the additional privilege of having had active and ongoing involvement in formulating, implementing, and monitoring FIA by representatives from business, members of the community, legislative leaders, policy organizations, other state agencies, and advocates for the poor.

Without those studies and all the voices sitting at the table, we would not be in a position to say confidently and objectively that FIA has worked quite well. Specifically, FIA has helped to improve the financial status and capacity for long-term employment for most of the target families, while maintaining or improving the well-being of children and their families as a whole through family-supportive policies.

We believe not only that these research results give Rhode Island a reason for pride, but also food for thought. Public policies are always subject to change for any number of reasons. It is our hope that the data and interpretations presented in this synthesis report will help policy makers to decide how to preserve the best elements of welfare reform – even while they contemplate ways to meet unfulfilled needs and other modifications they consider necessary as they face reauthorization.

Glossary

AFDC: Aid to Families with Dependent Children, the Federal "welfare" program that was phased out by Federal welfare reform and replaced by TANF (Temporary Assistance for Needy Families) in 1996.

Child Care: Funded through both state and Federal dollars, the RI Child Care Subsidy program supports low-income working parents by subsidizing the cost of child care for families whose income is below 225 percent of the Federal poverty level. If the family is receiving FIP cash assistance, the program may provide 100 percent support for parents in training, education, and/or employment.

Child Only Cases: Cases without an adult included in the FIP payment – *e.g.*, because parent(s) receive SSI (Supplemental Security Income).

DHS/ RI Department of Human Services: The state department responsible for implementing and administering welfare in Rhode Island.

Earned Income Disregard/ Earnings Disregard: A formula applied under FIP that allows employed beneficiaries to keep a portion of their cash assistance – up to the first $170 per month, plus $1 of every $2 earned – until their household income surpasses the FIP eligibility limits.

Earned Income Tax Credit (EITC): A Federal tax credit or cash refund to employed workers whose incomes fall below certain guidelines, which vary by family size. EITC is not an automatic adjustment; employees must apply for it on their Federal tax returns.

FIA: Family Independence Act, Rhode Island's legislation that created the state's version of welfare reform, was passed and signed in 1996.

FIP: Family Independence Program is Rhode Island's welfare reform program under TANF and was created by the FIA. Implementation began on May 1, 1997.

Food Stamp Program: Federal nutrition assistance program for needy individuals and families that provides monthly food-buying benefits – depending on income level and family size – utilizing an electronic benefit transfer (EBT) card.

FPL/ Federal Poverty Level: An index first calculated in the 1960s that is based on the cost of a hypothetical nutritious and cost-efficient food basket, multiplied by three – because food was thought to account for one-third of families' expenses. The FPL is adjusted annually for inflation and family size.

Leavers: For purposes of the Rhode Island College evaluation research on the impact of welfare reform, "leavers" are defined as respondents who were closed to FIP at the time of their first-year follow-up interview. This definition includes study participants who may have cycled on and off FIP during the year following the baseline data collection, but who were not receiving cash FIP benefits at the time they were interviewed at the first-year follow up.

PRWORA: Personal Responsibility and Work Opportunity Reconciliation Act, passed by the U.S. Congress and signed by President Clinton in 1996, replacing AFDC with TANF. TANF is Title 1 of PRWORA.

RIPTA: Rhode Island Public Transit Authority. Through a contract with DHS, RIPTA provides bus passes to FIP families at no cost. RIPTA and DHS also provide a new flexible van service for FIP working parents who otherwise would not have any means of transportation to and from their job sites and child-care providers.

RIte Care: Rhode Island's medical assistance program for low-income children, parents, and pregnant women.

SSI, SSDI: Monthly Federal cash benefits for individuals with disabilities, who are younger than 65. SSI (Supplemental Security Income) has an income-eligibility requirement. SSDI (Social Security Disability Income) is available to individuals – and their dependents and/or survivors – who have established eligibility under Social Security.

Stayers: Rhode Island College study participants who were open to FIP at the time of their first-year follow-up interviews. This definition includes participants who may have cycled off and back onto FIP during the year following the baseline data collection, but who were FIP beneficiaries at the point in time when they were interviewed the second time.

TANF: Temporary Assistance for Needy Families is the Federal welfare program that replaced AFDC. TANF is time limited, work focused, and its provisions vary substantially from state to state.

Report

Rhode Island's Family Independence Act:

Research Demonstrates Wisdom of Putting Families First

Why This Report?

When public policy is changed to reach new ends – as was true for welfare reform legislation passed by the U.S. Congress in 1996 – it is critical to look back periodically to see how well the new rules and resources have produced the desired results. In order to facilitate taking that look, this report synthesizes the most important research and evaluation studies that have been conducted on the effects of Rhode Island's unique approach to welfare reform – the Family Independence Act.

To evaluators, new policies are like hypotheses about what will happen in real-world situations when some conditions are changed. Like hypotheses, new policies are based on their designers' best guesses about likely outcomes. However, people's reactions to the new conditions are never certain, nor are they easy to understand or interpret fully. That's why it is vital to make decisions about reauthorizing, modifying, or scrapping public policies on the basis of thorough research that tests hypotheses instead of relying merely on anecdotal impressions.

Since the Federal law – the Personal Responsibility and Work Opportunity Reconciliation Act – gave states considerable leeway in designing their respective versions of welfare reform, it allowed for a kind of experiment. That is, when states specified different objectives and means for achieving them, they set up natural experimental conditions. Different states' results could be compared to see whether some conditions were more or less effective than others in producing the desired results; these results can inform policy refinements.

Rhode Island's Family Independence Act (FIA) is considered by many to be unique in its objectives and means for achieving them. Indeed, Tufts University Center for Hunger and Poverty ranked Rhode Island's welfare reform program third in the nation for its impact on families' economic future, because it emphasized families first instead of work first. Therefore, this report on FIA outcomes should help shape the debate about next steps in welfare policy.

Specifically, this report will present the research evidence that FIA policies and procedures have achieved what they set out to do. Namely, it will show that the FIA has:

- Improved most of the target families' economic status and capacity for long-term employment through a variety of work readiness and support services; and
- Maintained or improved the well-being of RI children and families as a whole through its supportive policies, including an earnings disregard that permits continuing cash assistance if earnings are low, and ongoing quality child care and health insurance.

Before we get to that, let's review the law and how it was implemented.

What We Set Out to Do

Reform provisions at the Federal level

President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) on August 22, 1996. Among other things, this new law ended an entitlement program for poor families called Aid to Families with Dependent Children (AFDC), replacing it with block grants to states called Temporary Assistance for Needy Families (TANF). The key differences were that cash assistance is no longer an entitlement and it is intended to be time-limited. The primary goal of TANF was to move people from welfare to work, with an eye toward self-sufficiency. Accompanying that was the ultimate goal of reducing welfare caseloads.

And as the title of the legislation implies, there were also provisions to increase "personal responsibility" with regard to bearing and financially supporting children. As such, the PRWORA included sweeping measures to improve enforcement of child support obligations by non-custodial parents, thereby reducing outlays for welfare.

The other significant thrust intended to foster personal responsibility was to crack down on teenagers having children who then needed to be supported by the government. Thus, the new law required pregnant and parenting teens to live with appropriate adult supervisors and finish secondary education; states also were to provide interventions that would prevent out-of-wedlock births.

Rhode Island's approach to welfare reform

Rhode Island's Family Independence Act (FIA) was certified by the U.S. Department of Health and Human Services as the state's implementation of welfare reform. Moving people from welfare to work was still the goal, but FIA set out to do so in a way that was "swimming against a national tide," according to Thomas J. Anton and colleagues at the Taubman Center for Public Policy and American Institutions at Brown University. The Taubman Center researchers note that while the national trend was to emphasize a "work first" philosophy and reductions in welfare benefits, Rhode Island chose to "emphasize education and training as the first step toward economic independence. . . . and added significant new benefits for welfare clients."

Perhaps one reason the FIA stands out is that in 1995, RI state and community leaders began developing a response to welfare reform they feared would be enacted that would be harmful to Rhode Island's poor. Initially forming to study welfare reform measures, this broad-based group of business, community, and legislative leaders, as well as advocates for the poor, became a coalition when its members decided to submit their own legislation that differed fundamentally from that being developed by Governor Lincoln Almond and the RI Department of Human Services (DHS).

Notably, both the coalition's and the state's set of reform proposals had some provisions that were more supportive of families than the other set. Moreover, most of those family-first provisions eventually were adopted in the FIA, when it was passed in July 1996, signed into law on August 2, 1996, and accepted by the U.S. Department of Health and Human Services effective May 1997. The major policy provisions that made the Family Independence Program (FIP) notable focused on fostering more lucrative and stable employment through a variety of supportive and training benefits, rather than demanding immediate employment. Additionally, FIA included supports for low-income working families in hopes of preventing the need for them to apply for cash assistance.

According to Rhode Island College researchers Mary Ann Bromley, Ph.D., and Daniel Weisman, Ph.D., those features of FIP and related supports include:

- Providing case management to help families with emotional and social needs.
- Continuing cash benefits to families who participate in education, training, and/or work readiness specified in their family independence plans for up to 24 months, with a few reasons for extensions beyond the two years.
- Allowing both parents to live in the home, whereas AFDC had required that one parent be absent, disabled, or unemployed.
- Rewarding employment by permitting families to keep the first $170 of earned monthly income with no effects on benefits, and deducting from FIP benefits $1 of every $2 earned over the $170 until income exceeds eligibility guidelines (earnings disregard).
- Maintaining pre-FIP benefit levels, except for a $50 per month reduction for families living in subsidized or public housing.
- Permitting exemptions from work-activity requirements for: women in the third trimester of pregnancy, a single parent caring for a child less than 12-months-old, those who are primary caregivers for a disabled family member, caretakers who are older than 59 years, incapacitated parents, and victims of domestic violence.
- Departing from TANF rules limiting cash benefits to five years in these ways:

- o no time limits on children
- o the eligibility time limit does not begin until a family's needs have been assessed and incorporated into an individual employment plan
- o the five-year "clock" can be stopped when the parent is unable to participate in work-related activities (for several reasons), or works at least 30 hours per week
- o eligibility may be extended beyond the 60 months for hardship exemptions

- Offering child-care subsidies to families with children up to age 16, provided they meet income guidelines.
- Providing RIte Care – the state's medical assistance program for low-income children, parents, and pregnant women, as long as their income falls within state guidelines.

How much did FIA differ from other states? To help demonstrate some of the variations, Table 1 highlights some pertinent provisions for the six New England states. (Table 2 describes the FIP population at the time of implementation and in November 2001.)

Evaluation research conducted on FIP

From the onset of the Family Independence Program, there has been considerable breadth and depth of evaluation research conducted on its effects and effectiveness. Rhode Island is fortunate to have such comprehensive and high-quality work to serve as the foundation for a review of its welfare reform policies since 1997. The research reported on in this report includes:

- Rhode Island College's School of Social Work – principal investigators are Mary Ann Bromley, Ph.D., and Daniel Weisman, Ph.D.: This team will have tracked for four years a representative sample of 638 FIP families that were recipients at the time of implementation to determine how this group has fared under welfare reform; RIC also will have tracked for two years 135 households that left cash assistance early on (leavers). FIA required the RI Board of Governors for Higher Education to submit annual reviews of the new program, and they in turn, appointed the School of Social Work to conduct those reviews. Data collection began in February 1998.
- Wellesley College's Child Care Research Partnership – principal investigators are Ann Dryden Witte, Ph.D., and Magaly Queralt, Ph.D., joined by Helen Tauchen, Ph.D., of University of North Carolina at Chapel Hill: These researchers are using econometric modeling with DHS administrative data on all single-parent households, along with earnings

Table 1: Selected welfare reform provisions and earnings data from New England states

Variable	Rhode Island	Massachusetts	Connecticut	Maine	New Hampshire	Vermont
Maximum 2001 cash benefit – 1 parent + 2 children, no other income	$554 without subsidized housing	$633 without subsidized housing	$543 without subsidized housing	$461 without subsidized housing	$600 without subsidized housing	$631 without subsidized housing
Work activity required	20 hrs/week	None	25 hrs/week	30 hrs/week	30 hrs/week	30 hrs/week
Amount of earned income disregarded per month	$170 + 1/2 of remainder	$90 to determine eligibility, then $120 + 1/2 of remainder	$90 to determine eligibility, then 100% until reach FPL	$108 and 1/2 of remainder	20% to determine eligibility, then 1/2 of remainder	$90 to determine eligibility, then $150 and 1/4 of remainder
Time limits	60 months, adults only	24 in 60 months	21 months	60 months	60 months	60 months
State minimum wage (11/01)	$6.15	$6.75	$6.40	$5.15	$5.15	$6.25
Average 2000 annual pay (rank in United States)	$32,618 (20th)	$44,326 (3rd)	$45,445 (1st)	$27,664 (40th)	$34,731 (16th)	$28,920 (34th)

data from the state's unemployment insurance records to assess FIP's impact on the likelihood of employment and earnings among low-income families over a four-year period.

- RI Department of Human Services – researchers Randy Rosati and Tim Kemmy: These DHS staff have tracked and reported periodically DHS administrative data and cross-state comparisons on demographic characteristics, caseloads, family cash benefit levels, participation in employment and work-related activities, *etc*.
- Brown University's A. Alfred Taubman Center for Public Policy and American Institutions – principal investigator is Thomas J. Anton, Ph.D.: These researchers have studied the political and administrative processes that occurred between January 1995 and June 2000 related to the state of Rhode Island's developing and implementing its version of welfare reform.
- Rhode Island Public Expenditure Council (RIPEC) and The Poverty Institute – researchers are Gary S. Sasse (RIPEC) and Nancy Gewirtz (The Poverty Institute): This team examined the conditions and policies that may have contributed to Rhode Island's slower reduction in TANF caseload, compared to other states.
- MCH Evaluation, Inc. – principal investigator is Jane Griffin, MPH: MCH is evaluating the Adolescent Self-Sufficiency Collaboratives program regarding how well it has met teen parents' needs and the impact it has had on teen and their infants' health and on social outcomes. (MCH – *i.e.*, Maternal and Child Health Evaluation – also conducted a small evaluation of the Family Violence Option program that temporarily waives work and child support requirements for victims of domestic violence.)

The report also will rely on a few other sources that inform this discussion – *e.g.*, Rhode Island KIDS COUNT, transportation studies by the RI Department of Transportation and Rhode Island Public Transit Authority, and other government entities that collect pertinent data. Finally, results from national level studies will be used to develop some context for comparing the findings in Rhode Island with other places.

Table 2: What the FIP population looks like – 1997 vs. 2001

Characteristic	May 1997	November 2001
Number of recipients	18,904 – including 51,489 individuals	15,508 – including 43,079 individuals
Household size	10% had 1 person, 39% had 2, 28% had 3, 14% had 4, and 9% had 5 or more	12% had 1 person, 38% had 2, 26% had 3, 15% had 4, and 9% had 5 or more
Ethnicity – 4 major groups	52% white, 27% Hispanic, 15% black, 5% Asian	42% white, 30% Hispanic, 15% black, 4% Asian
Primary language	80% English, 15% Spanish, 4% an Asian language	78% English, 19% Spanish, 3% an Asian language
Family type	80% had 1 parent 5% had 2 parents 13% were child only	76% had 1 parent 6% had 2 parents 18% were child only
Length of time on cash assistance (cumulative number of months)	26% had received cash benefits up to 24 months 29% had received cash benefits for 24-60 months 45% had received cash benefits longer than 60 months	27% had received cash benefits up to 24 months 25% had received cash benefits for 24-60 months 48% had received cash benefits longer than 60 months
Head of household's educational attainment	43% had less than a high school education 41% had completed high school 11% had some education beyond high school	45% had less than a high school education 37% had completed high school 12% had some education beyond high school

FIA Impacts on Clients' Lives

When reviewing results from welfare reform, the fundamental question from the Federal perspective is the extent to which adults have left cash assistance and gotten jobs. Across the nation, the welfare rolls have been shrinking, but that doesn't mean it's all good news. For example, it is possible that families have left cash assistance without having obtained employment. Numerous evaluation studies have found that although some adults left TANF when they got jobs, the jobs didn't last or pay well enough to make their families any better off; in fact, some are worse off.

Employment outcomes and economic status

Thus, for Rhode Island's version of welfare reform, the question of interest related to employment is how well the Family Independence Program has improved families' economic status and capacity for long-term employment. And although the general answer is "quite well," the question has many facets and thus, a number of ways to answer it. The subcomponents of this question are as follows:

- How much has FIP increased the likelihood of parents being employed when compared with its predecessor, the AFDC program?

How RIDHS Implemented FIA

As we might imagine, major changes in public policy necessitate major changes in the ways governments administer a program or service. Consider those implications for welfare reform.

Brown University's Thomas Anton and colleagues at the A. Alfred Taubman Center for Public Policy and American Institutions note that the administrative focus for AFDC during the 1970s and 1980s was largely a matter of minimizing error rates in determining eligibility and levels of cash assistance. This emphasis gave rise to a category of workers known as "eligibility technicians," and concurrently attended less and less to clients' social service needs.

Now, with the Family Independence Act, DHS staff and the Department of Human Services would need to change radically. Essentially, they would need the capacity to assess clients' family and employment needs, assist families to develop plans that would help them meet their needs, and do case management to oversee clients' progress and intervene when necessary.

A second sea change was the much greater need to have DHS managers of various social welfare programs like Medicaid and Food Stamps talk to and work with each other on behalf of their client families. In the pre-TANF years, Federal programs administered by the states tended to be managed vertically – *i.e.*, state-level managers communicated upward to their national counterparts, rather than to their colleagues at home. But if DHS were to help low-income families reach greater self-sufficiency, there would need to be a comprehensive and seamless approach within the state. Thus, it becomes even clearer that the quality and magnitude of administrative change required by FIA was enormous.

Anton and colleagues conclude that RI Department of Human Services met these challenges and made the fundamental changes necessary to administer FIA. Moreover, they credit DHS Director Christine C. Ferguson with having the foresight, skills, and perseverance needed to make the transformation. Anton and colleagues cite specific accomplishments of DHS's new alignment with FIA prerogatives. They said that DHS:

- reorganized completely around client populations rather than around programs in order to foster issue analysis, problem solving, and the ability to effect change;
- collapsed two types of DHS social workers (Screeners and Pathways/employment workers) into one category called "FIP workers" who would be responsible for all aspects of service to their respective caseloads;
- engaged in intensive strategic planning that involved hundreds of DHS staff and identified departmental goals; and
- increased dramatically the level of coordination between DHS and other state agencies, with the intent of fostering synergy rather than serendipitous results.

Such a transformation did not happen overnight or without barriers. For one thing, the period when DHS staff were engaged in strategic planning for more effective functioning coincided with initial implementation of FIP. That meant that DHS "had to begin creating a new future even before it had come to any widespread agreement about the content of that future," according to Anton and colleagues. These researchers also conclude that after only two years of transition to a new DHS:

- What has been the impact of wage levels and FIP policies on raising former and current recipients above the Federal poverty level?
- Have the number of child-care slots and utilization of child-care subsidies risen?
- Have FIP beneficiaries used education and training opportunities? What have been the effects?
- Are there differences in results for certain people or geographic regions of the state?
- What happens to those who leave FIP? How do they differ from those who have stayed?

Let's look at the research findings that help answer each of those sub-questions.

Has FIP increased the likelihood of parents being employed when compared with its predecessor, the AFDC program?

The short response is "yes." However, to understand how and why that happened, we need to consider each of the elements for achieving this result.

Recall that FIA provided a number of new supports and incentives – as compared with AFDC policies – that were designed to promote employment as an attractive alternative to welfare. To that end, FIA:

- o added the requirement of having an individualized employment plan in place for all non-exempt families;

- senior staff working on welfare reform reported a new sense of empowerment for innovation;
- approaches to serving clients are more integrated than in the past;
- clients are now more knowledgeable about DHS resources available to them; and
- the majority of clients have had the benefit of working with a case worker to develop a plan for self-sufficiency that makes sense for them.

However, Anton and colleagues say that:

- field staff have not invested heavily in the policy-making process;
- the benefits of organizational restructuring sometimes have been compromised by the complexity of DHS; and
- some important policy objectives have been difficult to attain – *e.g.*, difficulties in filling FIP worker positions left field offices short-staffed, which is clearly a problem for a program that depends so heavily on individual case management.

A final DHS initiative that the Brown University researchers cited as especially significant in the success of FIA was an emphasis on community outreach and feedback. DHS Director Ferguson was an experienced Washington policy maker who welcomed input from interested parties outside of her department. She also believed that FIP would succeed only if clients and the wider community understood fully what the new program set out to do, and if DHS were responsive to public opinion and wishes.

Ferguson's method for institutionalizing community input was to form a special committee, open to any interested parties, that would become known as the Welfare Reform Implementation Task Force. Her intent was that this group of advocates and representatives of social service agencies would serve as a sounding board and planning body. To ensure that this group was seen as independent, rather than an extension of DHS, Ferguson invited as its co-chairs two well-known community advocates – *i.e.*, Elizabeth Burke Bryant, executive director of Rhode Island KIDS COUNT, and Linda Katz, now with the Poverty Institute at Rhode Island College. To ensure that the Task Force could get its work done, Ferguson assigned senior DHS administrators to provide accurate information and staff assistance when needed.

The Welfare Reform Implementation Task Force (WRITF) created small working groups to attend to implementation questions surrounding intake procedures, family employment and education assessment, families affected by domestic violence, substance abusers, teen parents, housing, the DHS budget, and training and evaluation. Not surprisingly, the collaboration has had its difficulties. But eventually, Anton and colleagues say that an effective working alliance emerged; members of the task force had a voice in implementation policies, and DHS policies were legitimized by the community input and advice. The Brown researchers sum up this amazing example of "participatory administration" this way:

> "Instead of co-option by either party, the WRITF-DHS relationship is built on mutual understanding: the two sides have agreed to disagree where they must, but work together where they can. Participatory administration in Rhode Island welfare reform has become an important and unique contribution to the art of shared governance."

- o created an Employment Placement and Retention Unit at DHS;
- o greatly expanded access to child care and medical assistance;
- o supplemented low-wage jobs through continued partial cash assistance; and
- o rewarded work by permitting employed beneficiaries to keep more of their earnings before their cash assistance is reduced.

Furthermore, once FIP plans are signed by beneficiaries and DHS social workers, non-exempt adults are required to do one of the following in the initial 24 months:

- o engage in at least 20 hours per week of paid employment;
- o perform at least 20 hours per week of community work experience;
- o take part in a work readiness program;
- o conduct a supervised job search for up to six months; or
- o participate in training or education likely to improve employment prospects.

And taken together, these policies seem to be working. Ann Witte and colleagues at Wellesley College found that current and former cash assistance recipients in Rhode Island are more likely to be employed under FIP than they were under AFDC. Moreover, the probability of being employed has continued to increase since FIP was implemented. These economists say that this finding is "robust" and is present for all five cities that have the highest prevalence of FIP recipients – Providence, Pawtucket, Woonsocket, Central Falls, and Newport – as well as in the state as a whole.

The Wellesley researchers estimate conservatively that the overall effect of FIP policies alone has been a 10 percent rise in the likelihood of being employed. We should note that this employment effect is more impressive when we consider that it took some time for DHS staff to complete individualized employment plans for the caseload. FIP plans were put into place shortly after new cases were opened; however, for those already receiving cash assistance in May 1997, it took up to two years to develop plans for everyone.

The longitudinal study being conducted by Rhode Island College (RIC) researchers provides some context for understanding why the employment effects have been what they have. In their baseline description of 638 people who were part of the FIP caseload when they were recruited to participate (mid-1998 to mid-1999), Mary Ann Bromley and Dan Weisman reported that 86.7 percent of the sample said that they had worked at some time in their lives, while 85.7 percent said they were confident that they would find a job in the future. Bromley and Weisman thought this indicated a strong orientation to work.

Additionally, this representative sample of the FIP caseload seemed cautiously optimistic about the effects of welfare reform; 46.4 percent said they had mostly positive feelings about the reforms, while 21.3 percent had mixed feelings. When asked what they thought would improve the welfare system, the third most frequent type of response was related to the need for more assistance in finding jobs and for practical training programs. Two comments illustrate the point:

- o "[We] need help to get jobs and stay employed so we can stay off welfare."
- o "It's nice to get people back into the workforce but the benefits of work can also be not worth it or necessarily enough."

So, did their work orientation and optimism pan out? Findings from the first-year follow-up of the longitudinal study shed some light on that. The RIC researchers found in the second round of interviews and case record reviews (between May 1999 and October 2000) that respondents' participation in employment had risen 85 percent – from 21.9 percent at baseline to 40.6 percent at the one-year follow-up (see Figure 1).

Moreover, as can be seen from Figure 2, the number of hours of employment had increased by 8.6 hours – from 22.7 hours at baseline to 31.3 hours at one-year follow up. We'll return to further discussion of work outcomes later in this report when we examine differences between those who have left FIP since the baseline interviews and those who stayed.

Reasons the RIC study participants had cited for not being employed at the time of their baseline interviews included pregnancy and parenting, disability, termination of employment, child care problems, and being employed in seasonal or temporary jobs. Infor mation about this sample also suggests that limited access to reliable transportation and special needs of children might interfere with employment. However, by the first-year follow up, there were no significant links between those particular barriers cited at baseline and respondents' subsequent participation in employment, education, and/or training.

What about the reasons for not being involved in employment, education, and/or training by first-year follow up? Of 189 respondents who were not engaged in these approved work activities at one-year follow up, 27 (18.9%) had received a FIP exemption. More than a third of the 189 people (38.1%) cited transportation problems as one barrier to employment or being involved in education or training. Children's needs were another barrier mentioned.

Figure 1: RIC study's employment status – Baseline vs. first year follow-up

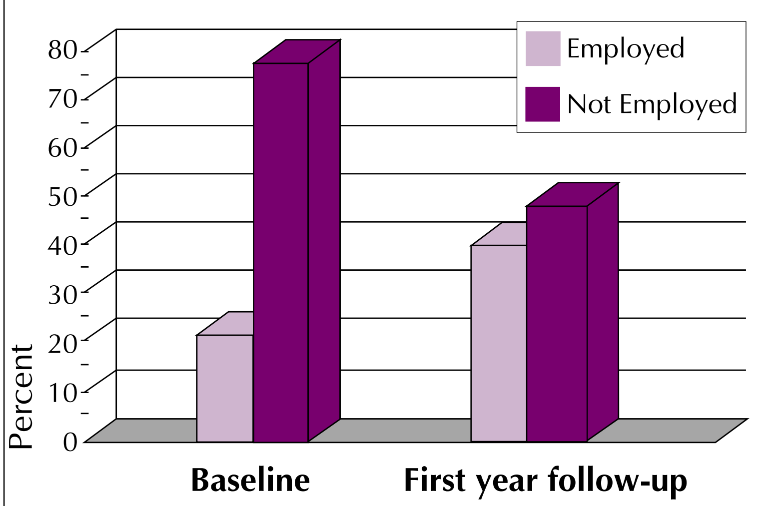
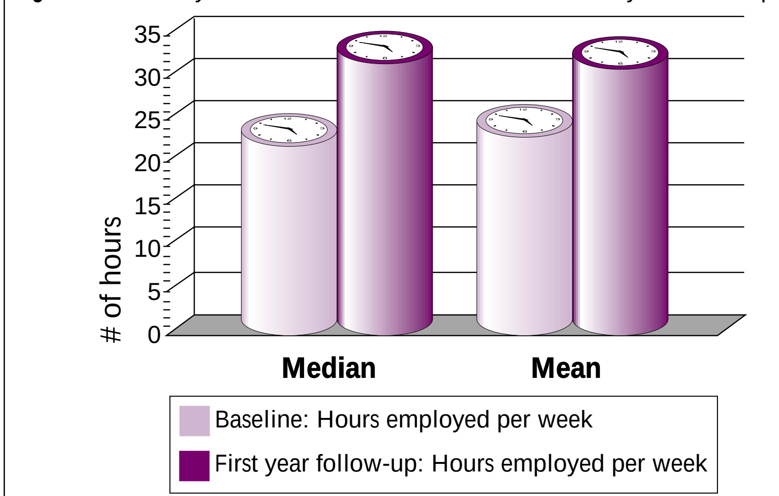


Figure 2: RIC study's hours worked/ week – baseline *vs.* first-year follow-up



FIP recognized for work incentives

Rhode Island received a $2.5 million High Performance Bonus in 1999 from the U.S. Department of Health and Human Services. The two areas related to FIP's supportive work incentives that were recognized in the bonus were: 1) improvement in clients' job entry and retention; and 2) improvement in their advancement in the workforce.

What has been the impact of wage levels and FIP policies on raising former and current recipients above the Federal poverty level?

Wellesley College's Ann Witte and colleagues found in their econometric analysis of results for single-parent FIP recipients that Rhode Island's welfare reform also increased the level of earnings, compared with AFDC recipients before May 1997. They say that FIP had a smaller effect on earnings than on the likelihood of employment, but it was positive nonetheless. Moreover, it holds true over varying labor market conditions and traits of FIP recipients.

The "typical" family on cash assistance – *i.e.*, a white, able-bodied, English-speaking woman living in Providence with two children, the youngest of whom is a preschooler – had average quarterly earnings of $1,100 in the second quarter of 1996. That figure rose to $2,500 in the second quarter of 2000 (127% increase).

Witte and colleagues estimate the relative contributions made to the increase in earnings depicted in Figure 3 by three factors:

- $95 per quarter earnings increase was due to the initial changes associated with FIP implementation;
- $68 per quarter earnings increase was due to FIP changes implemented after 1997; and
- $563 per quarter earnings increase was due to incremental hikes in the RI minimum wage from $4.45 to $5.65 during the study period.

(The balance of the increase in earnings was due to other factors.)

The economists say that the implementation of One Job Equals One Family Out of Poverty program – an appeal for employers to pledge jobs for prescreened FIP recipients – also contributed to higher earnings. However, since it was initiated in the first quarter of 2000, the researchers had only four months' worth of data to assess its effects. Given that limitation, they did not want to cite estimates on the magnitude of contribution to earnings levels, although they did say that the preliminary findings were "provocative."

However, despite the increase in earnings associated with FIP and a higher minimum wage, $2,500 per quarter earnings is low and would not raise such families above the Federal poverty level (FPL). One significant contributor to this outcome is that the employment for current and former cash assistance recipients is erratic and tends to follow seasonal highs and lows. Indeed, Witte and colleagues found that the typical case only worked 25 percent of the time during the entire four-year study period. Fortunately, one feature of the FIP program should help clients weather this kind of fluctuation over an extended period; time when a FIP recipient is working at least 30 hours a week does not count toward the 60-month limit on benefits.

A word about the Federal poverty level: The FPL is a rough indicator of economic status to be used across the nation. However, it does not account for geographic differences in cost of living (except for Alaska and Hawaii), nor do advocates for the poor consider it to be high enough to pronounce that households can be self-sufficient with incomes at that level.

The longitudinal study being conducted by Rhode Island College researchers also found evidence that FIP policies and supports were improving most beneficiaries' incomes (see Table 3). At the baseline or initial interviews, the entire sample's average monthly income at that time was $667 (median = $554). By the time of the first-year follow-up interviews, the mean monthly income for the sample had risen to $833.

The respondents who were employed at the time of the first-year follow up had significantly higher incomes than those who were not working. At that time, employed respondents had mean monthly incomes of $1,092, compared to $648 for those who were not yet employed.

Figure 3: Wellesley study's estimated quarterly earnings for single-parent family of 3

To determine whether these increased incomes make a difference in people's lives, let's look at the progress toward boosting them out of poverty. At the baseline or initial interviews in the RIC study, 4.9 percent (31 of 638) of households had cash income that put them above the Federal poverty level. By the time of the first-year follow-up interviews, the proportion of households that had income sufficient to place them above the poverty level (FPL = $13,880 at that time for a family of three) had grown to 14.1 percent – almost a three-fold increase.

However, as can be seen in Table 4, the study participants who had left FIP by the first-year follow-up, were far more likely to have risen above the Federal poverty level. They started off slightly better than did those who were to continue receiving cash assistance at the time of the follow-up interviews (7.3% above poverty vs. 3.8% for stayers). But considerably more of them were lifted out of poverty due to whatever circumstances allowed them to leave FIP (46.3% vs. 7.8% of stayers).

Table 3: Income of RIC study group at first-year follow up

	Full sample (N = 498)	All those employed (N = 198)	Employed + FIP supplement (N = 116)	Not employed (N = 281)
Mean monthly cash income/ household	$ 833	$1,092	$ 994	$648
Median monthly cash income	$ 714	$1,011	$ 994	$554
Mean monthly income + food stamps	$1,015	$1,186	$1,146	$899

Table 4: RIC study group – Who was above the poverty level?

	Full sample	Leavers	Still on FIP
At baseline	4.9% (31 of 638)	7.3% (16 of 220)	3.8% (15 of 397)
1-year follow up	14.1% (70 of 498)	46.3% (38 of 82)	7.8% (31 of 396)
1-year cash + food stamps	18.1% (90 of 498)	Unknown	12.6% (50 of 396)

Have the number of child-care slots and use of child-care subsidies risen?

With the enactment of FIA, child care became an entitlement for all families with incomes below 185 percent of the Federal poverty level and for FIP families, so long as they were involved in enough hours of approved work or training activities. At that time, families with income below 100 percent of the poverty level paid nothing for child care, while those with higher incomes paid modest co-payments that range up to $48 per child per week. The income eligibility was raised to 200 percent of the poverty level in January 1999, and in July 1999 it was raised again to 225 percent of that standard (currently $31,838 for a family of three).

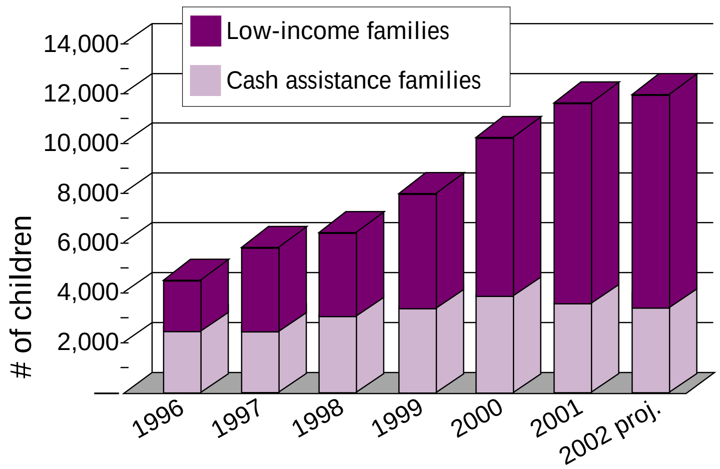
To ensure that there would be enough openings to meet the demand for children up to the age of 13 – then raised to age16 in 1999 – the state has increased the child-care reimbursement rates steadily to almost twice what they were in June 1997. The reimbursement rate is now at the 75th percentile of statewide rates. After the January 2000 hike, DHS paid the following amounts per child:

- o $160 per week to licensed centers for infant/ toddler care
- o $140 per week to licensed centers for preschool care
- o $125 per week to certified family child care homes for infant/toddler and preschool care
- o $50 per week to licensed programs for before-school care and $67 per week for after-school care

The RI General Assembly tied reimbursement rates to market prices when they adopted Starting RIght – Rhode Island's Early Care and Education Initiative. An additional feature of that legislation was to invest not only in greater capacity, but also in quality of the care. Thus, it allowed for investments in: 1) professional development for child care workers; 2) technical assistance for licensed and certified providers; 3) improved capacity for monitoring licensed sites; and 4) grants to help improve and expand child care facilities and services.

DHS data in Figure 4 show that the number of children from FIP and other low-income families who receive a subsidy for child care has almost doubled since fiscal year 1997, with low-income families' use growing the most. In 1997, the combined number for both groups was 6,065, while in fiscal year 2001, the combined number of children in subsidized care was 11,800. Fully 90 percent of all families getting subsidized care are working.

Figure 4: Number of children in DHS-subsidized child care



A particularly innovative feature of the **Starting RIght** initiative is that it **subsidizes the cost of health insurance for child-care providers** so long as their programs serve a minimum number of children receiving DHS-reimbursed care. The intent of this provision was to make working in child care more attractive and thus, foster stability in the child care workforce. That stability should improve the quality of care. In 1999, Rhode Island's DHS was recognized by *Working Mother* and *Parents* magazines for its innovative programs for child care, including citing the decision to provide health care benefits to child care workers.

State expenditures for subsidized child care grew from $18.6 million in 1997 to $66.3 million in fiscal year 2001. DHS reports that about 60 percent of the increased spending is linked to the higher reimbursement rates, while the other 40 percent has gone to covering more children for subsidized care.

The Wellesley researchers found that there was a substantial increase in utilization of child care among the FIP heads of households required to work or train. The rate of child-care utilization went from 10 percent in May 1996, a year before FIP was implemented, to 21 percent in April 2000. The RIC longitudinal study found that 36.8 percent of the respondents were using child care at the time of the one-year follow up (sometime between May 1999 and October 2000). Moreover, 22.3 percent of the people who had left FIP assistance were using subsidized child care, while another 15.9 percent appeared to be eligible but were not receiving it.

Have FIP adults used education and training opportunities? What have been the effects?

When the Family Independence Act was being formulated, RI policy makers knew that adults in the AFDC caseload had some serious gaps in their ability to perform jobs that were being created in the state. Before welfare reform, more than half of RI cash assistance recipients had not completed a formal high school education. Additionally, one-fifth of the households had adults whose primary language was something other than English.

By April 2000, only 40.7 percent of FIP heads of household were high school graduates, and only 13.6 percent had some education beyond high school. When DHS began assessing FIP adults' skill levels, they found that 14 percent had only marginal literacy skills, and 34 percent had reading competencies that fell below the ninth-grade level.

The gap between those skill levels and what employers needed was what convinced FIA designers to invest in training and education for those who wanted it. Thus, Rhode Island's law not only permitted adults on cash assistance to postpone employment for up to 24 months, but DHS formed a number of collaborations with other state departments and vendors to assure that FIP beneficiaries would receive meaningful and targeted help in preparing for employment. DHS also more than tripled the amount of money spent on job readiness, placement, training, and education, growing from less that $3 million in fiscal year 1997 to $11.1 million in fiscal year 2001.

Special training help for learning disabled

A special DHS initiative was designed to serve the vocational training needs of FIP recipients with learning disabilities. The Learning Disabilities Project has been recognized by a number of government and private organizations as having an exemplary program that uses best practices. Such recognition came from the U.S. Department of Health and Human Services, the U.S. Department of Education, the Urban Institute, the Welfare Information Network, and the Seattle, King County, Washington Private Industry Council.

To examine the impact of having participated in education and training opportunities, Wellesley College's Ann Witte and associates analyzed data for a subset of 2,372 FIP single-parent recipients who opted for training and education before looking for jobs. They found that members of this subgroup were significantly more likely to be employed after completing their education and training than before. Moreover, family earnings increased an average of $90 per month after completing education and training, as compared to before.

The RIC longitudinal study also found that completing education and training had a positive impact on employment outcomes. Almost half of their sample (309 respondents) had engaged in some form of FIP-approved training or education after May 1997; 110 of those were still training at the time of the first-year follow-up.

As we might expect, there was a significant association between training and subsequent employment; of the RIC study respondents who had engaged in training or education, 32 percent were employed at one-year follow-up, compared with 26.6 percent who were not employed. Completion of education or training also was associated with the hourly wage earned by RIC study participants who were employed at the time of the first-year follow-up:

- o $7.38 = average wage for those with no education or training since May 1997;
- o $7.25 = average wage for those currently involved in education or training; and
- o $8.48 = average wage for those who had completed education or training since May 1997.

Are there notable variations in results for different people?

When we consider differences between those who leave cash assistance and those who are still on FIP one year after their baseline interviews, it is evident that some have been more successful than others. For example, those RIC study participants who would become leavers at first-year follow up were more likely to be above the Federal poverty level than the stayers, even though there was no significant difference in family size (mean family size was 3.79 members).

So, what could have caused the differences between leavers and stayers? As we will see below, leavers were less likely to miss work due to transportation problems or children's needs. Additionally, respondents who left FIP sometime in the first year were significantly more likely to have participated in an approved training and education program, which boosted their wage rates as well as employment participation rates.

Another difference in outcomes that has been observed is geographic. For example, although the poverty rate in Rhode Island averaged 10 percent from 1998 to 2000, the proportion of households with incomes below the Federal poverty level varies considerably across Rhode Island. Providence and Central Falls, for example, have the highest rates in that more than a third of their residents are living in poverty. Thus, it is not surprising that the Wellesley researchers' analysis found geographic differences in the probability that FIP recipients would become employed (see Figure 5) and in the amount of earnings (see Figure 6).

Figure 5: Wellesley study's likelihood of employment for family of 3 – by city

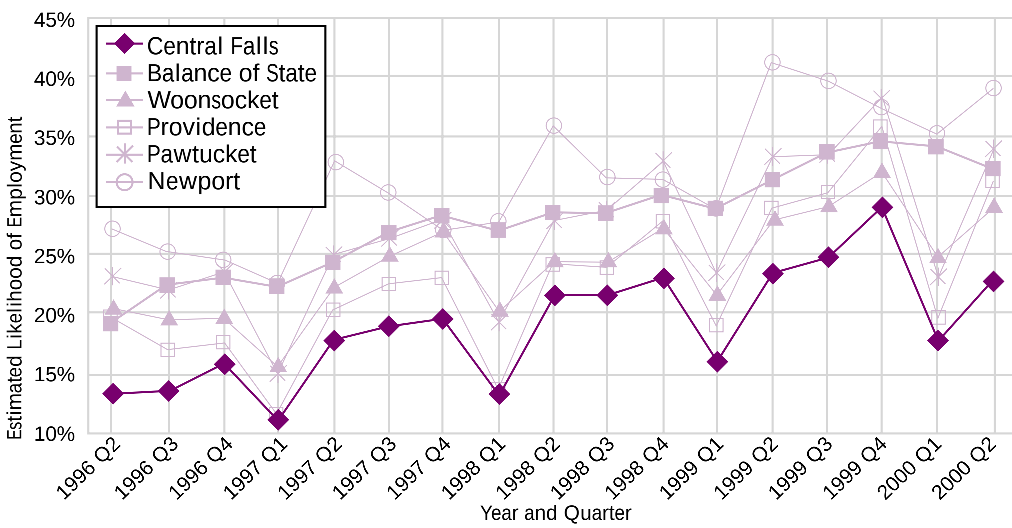
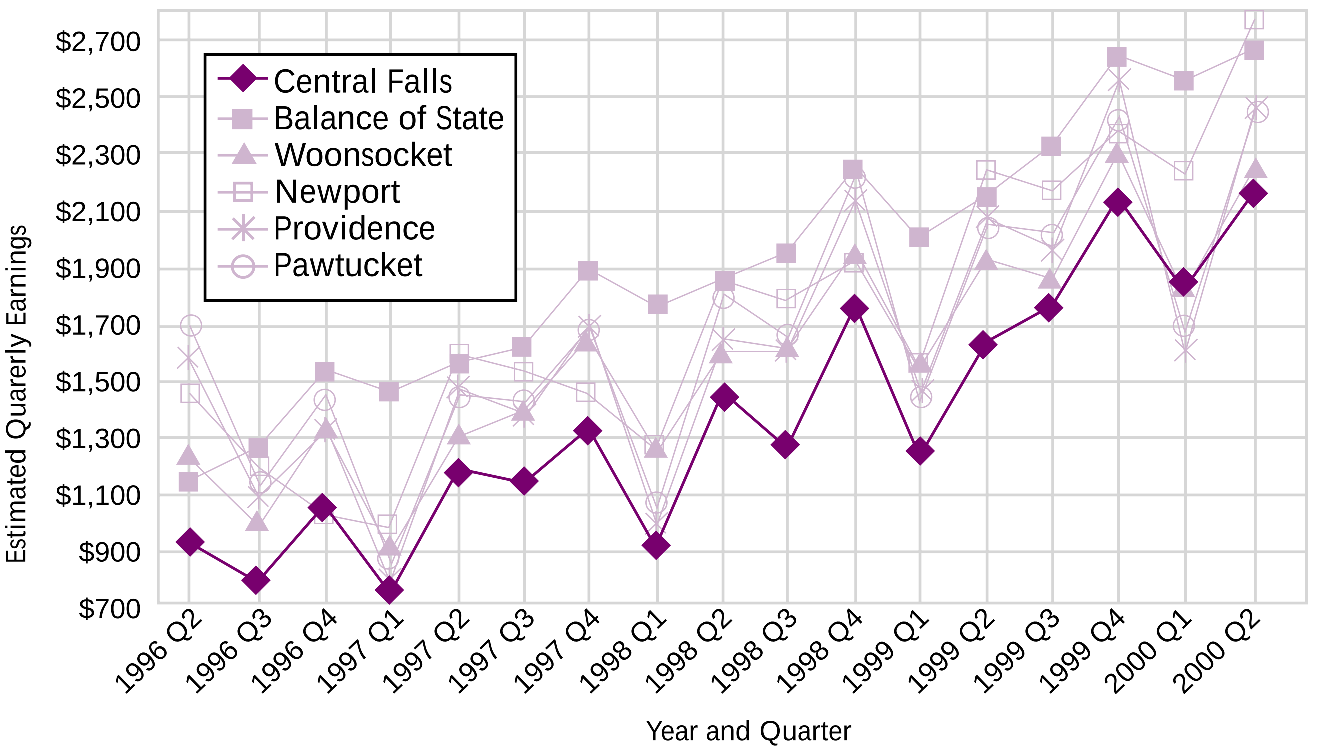


Figure 6: Wellesley study's estimated earnings for single-parent family of 3 – by city



It is evident from Figure 5 that the FIP adults in the five core cities and the balance of the state started out at different places before welfare reform with regard to the likelihood of employment. We also can see that increases in probability of employment differed for these areas of the state:

- Central Falls and the balance of the state had more than a 70% increase in likelihood of employment over four years
- Providence experienced a 59% rise
- Pawtucket saw an increase of 48%
- Woonsocket rose 43%
- Newport had a 44% rise in the likelihood of employment over four years

Despite these sub-state differences, FIP has nearly doubled the statewide probability of working, going from 20 percent in the first quarter of 1996 to 36 percent in the first quarter of 2000.

Figure 6 shows a rise in earnings for all six geographic areas, regardless of labor market conditions or individual characteristics. It also shows that the earnings levels and rates of increase differ. Over the four-year study period, households with single-parents had these increases in earnings:

- Central Falls went from $912 to $2,197 per quarter (141% increase)
- Balance of state went from $1,159 to $2,675 per quarter (131% increase)
- Newport went from $1,438 to $2,742 per quarter (91% increase)
- Woonsocket went from $1,264 to $2,271 per quarter (80% increase)
- Providence went from $1,590 to $2,494 per quarter (57% increase)
- Pawtucket went from $1,698 to $2,453 per quarter (44% increase)

Witte and colleagues also found that clients' individual characteristics are associated with likelihood of employment and with earnings levels. The traits that were linked to higher probabilities of being employed include any of the following: being older, being black, being able-bodied, speaking English, having a high school diploma, being in smaller households, having no disabled household members, or not being a U.S. citizen.

Higher earnings were associated with recipients having any of the following traits: being older, being Asian or white, being able-bodied, completing high school, speaking a language other than English or Spanish at home, not being a U.S. citizen, or having smaller families.

What conclusions can we draw from those predictors of better outcomes? It appears that FIP adults who are older, able-bodied, with high school diplomas and smaller families, and who are not U.S. citizens are more likely to be employed and to have higher earnings. On the other hand, it looks as if those who are black have higher probabilities of being employed than other ethnic groups, but to have lower earnings. However, because this research controlled for market conditions and changing caseload, we can expect FIP to increase earnings and likelihood of working substantially even during economic downturns.

What happens to those who leave FIP? How do they differ from those who stayed?

When we separate the 34.5 percent of RIC study respondents who left FIP for at least two months from those who were receiving cash assistance, the impact of policies on the likelihood of employment becomes even clearer.

The so-called "leavers" more than doubled employment participation (see Table 5). At the time of the baseline interview, 28.6 percent of those who would later leave FIP were employed; by the one-year follow up, 86.1 percent of them were gainfully employed. Conversely, the respondents who were receiving FIP support at one-year follow-up experienced a 10.3 percentage point rise in employment levels – going from 18.9 percent at baseline to 29.2 percent at the follow-up.

A particularly interesting finding in the RIC one-year follow-up study was that there was only one significant association between barriers to work and training reported by respondents at baseline and their actual involvement in those activities a year later. Not surprisingly, that barrier was reliable transportation. The sample members who had left FIP assistance by the time of the second interview were significantly less likely to have missed work, training, or education in the previous year because of transportation problems.

The other major barrier to employment that was foreseeable in the baseline report was children's special needs or difficulties. The respondents who were receiving cash assistance at the one-year follow-up were significantly more likely to have children with problems related to mental health, short-term illness, chronic illness, school attendance, behavior, learning disabilities, and developmental disabilities; they also were more likely to miss work or related activities due to their children's needs.

Table 5: RIC study employment status of leavers vs. stayers

	Stayers	Leavers
Employed at baseline	18.9% *(75 of 397)*	28.6% *(63 of 220)*
Employed at 1-yr follow-up	29.2% *(116 of 397)*	86.1% *(142 of 165)*

As we might expect, the RIC study respondents who had left cash assistance were better off financially than were the people who remained on FIP. We saw earlier that leavers had higher average household incomes ($1,092/month *vs.* $994/month for employed stayers). Leavers also were far more likely than stayers to have risen above the Federal poverty level, even though their family sizes did not differ. Table 6 helps to explain those differences.

As Table 6 shows, employed leavers earned an average hourly wage of $8.40, while employed stayers earned an average of $7.01 per hour. Moreover, leavers who were employed at the first-year follow-up worked significantly more hours per week – an average of 35 hours per week *vs.* 26.5 hours per week for employed stayers.

The differences in hourly wages appear to have been due in part to the fact that the respondents who left FIP sometime in the first year were significantly more likely to have participated in an approved training and education program (40.5% *vs.* 27.7% among stayers).

An obvious question is whether the leavers continue to do well over time. We saw earlier that Witte and colleagues' study found that current and former FIP beneficiaries only worked 25 percent of the time and that their jobs tended to be seasonally erratic. However, DHS data show that there is some continuing advantage for FIP leavers.

The RI Department of Human Services followed four cohorts who left cash assistance each April from 1997 to 2000. Of the AFDC recipients who left cash assistance in April 1997, 19.7 percent returned to assistance within six months of leaving. Three years later, only 7.6 percent FIP recipients who left cash assistance returned within six months, suggesting that there is some evidence of job retention and stability for leavers, among other possible explanations.

Indicators of child and family well-being

The second overarching question for those who are monitoring FIA's impact is whether its family and work supportive policies have helped to maintain or improve child and family well-being. After all, just putting low-income heads of households to work doesn't mean that their families will be completely better off than before. As was true for the first big question, this one is complex and has a number of components to it, such as:

- Has FIP had any measurable effects on family composition?
- What impact has the earned income disregard had on FIP client outcomes?
- What do we know about the role played by food stamps and expanded medical assistance?
- Are parents satisfied with their children's lives and with their child care?
- Is there any evidence that FIP has contributed to family dissolution or instability?
- Is anyone worse off? Who and why?

Let's see what the research has to say on these questions.

Has FIP had any measurable effects on family composition?

Two-parent families: One of the first FIP accomplishments in this regard was to enable more two-parent households to receive cash assistance. Under AFDC, such families were eligible only if one parent was absent, disabled, or unemployed. Researchers had found that such a rule tended to force couples to split up and live separately so that the custodial parent could receive welfare benefits.

Table 6: RIC study compares outcomes for employed leavers vs. stayers

	Those who left FIP and were employed	Those who remain on FIP and were employed
Average wage	$8.40	$7.01
Average hours/week working	35 hours	26.5 hours
Participated in education or training	40.5%	27.7%

FIP encourages two-parent families to stay together by supplementing low wages through the earned income disregard, and through guaranteeing child care and health care to those who work but don't earn much. To qualify for cash benefits, at least one of the parents must work a minimum of 35 hours per week. Between April 1997 and December 2000, the number of two-parent families that received cash assistance increased by 113.2 percent, going from 492 to 1,049. Hence, this part of FIP provisions has provided more financial and work-supportive help to families in which two parents are present in the home.

Pregnant and parenting teens: Another research finding about AFDC was that it had placed minor teens (under age 18) and their children at risk by allowing them to live on their own without adult supervision. Thus, FIP continues to provide financial assistance to minor teens who are pregnant or parenting, but only if the teens live in their parents' homes or with some other suitable adult supervisor. If neither of those options is viable, such teens can live in specially developed New Opportunity Homes.

In the New Opportunity Homes, pregnant and parenting minors have case management services and are required to stay in school, help establish paternity and child support, and avoid subsequent pregnancies. The Adolescent Self-Sufficiency Collaboratives provide these services in a manner that will enable teen parents to assume increasing levels of autonomy and personal decision-making.

The provisions for pregnant and parenting minors have coincided with reducing the number of minor teens directly receiving cash benefits by 54.8 percent (from 177 in April 1997 to 80 in 2000). The total number of pregnant and parenting recipients under the age of 20 has dropped 27 percent (from 1,206 in April 1997 to 877 in December 2000).

Although we don't yet have completed research on other outcomes for pregnant and parenting minors on cash assistance, there are data provided by Jane Griffin of MCH Evaluation, Inc. on all RI teens that are good proxies. (Griffin is conducting an evaluation of the Adolescent Self-Sufficiency Collaboratives for DHS that is not yet completed.)

Between 1996 and 1999, the birth rate for RI teens ages 15-17 dropped from 27.3 per 1,000 teens in that age group to 21.6 per 1,000 – a 21 percent decline. While the teen birth rate for New England as a whole is lower than Rhode Island's, the region experienced a similar rate of decline in birth rates. For the United States as a whole, the teen birth rate is higher than Rhode Island's (33.8 per 1,000 in 1996 and 28.7 in 1999), and its 15 percent decline in the same time period was not as great.

A look at the incidence of births to teens who were on medical assistance (Medicaid) gives a closer approximation to trends for pregnant and parenting teens receiving cash assistance since they are likely to include that same population. For example, between 1996 and 1999, Griffin found that in Rhode Island:

- The number of Medicaid births to teens under 17 years of age decreased by 43.3% between 1996 and 1999, going from 402 to 220
- The number of private insurance births to teens under 17 years of age decreased by only 8.7% between 1996 and 1999, going from 196 to 179
- The percent of teenagers on Medicaid who began prenatal care in the first trimester rose from 77.5% in 1996 to 79.5% in 1999 – a better outcome than for teens on private insurance
- The percent of teenagers on Medicaid who received adequate or better prenatal care rose from 64.6% in 1996 to 71.5% in 1999 – a better outcome than for teens on private insurance
- The percent of teenagers on Medicaid who delivered low birth weight babies declined from 10.3% in 1996 to 8.6% in 1999 (having dropped to only 7.2% in 1998)

Paternity and child support enforcement: According to the *2001 Rhode Island KIDS COUNT Factbook*, 81 percent (25,037) of children enrolled in FIP were in the Child Support Enforcement System as of December 2000. Of the 30,870 children in FIP-supported families, 17,519 (56.7%) have paternity established, compared with 49.4 percent in 1996.

What impact has the earned income disregard had on FIP client outcomes?

The new formula for earned income disregard used by FIP was designed to make work more attractive than under AFDC, while guaranteeing wage supplements to those who could obtain only low-wage jobs. AFDC rules had permitted employed clients to keep $120 per month of earnings, plus one-third of the amount over $120 – for only up to four months. FIP provisions allow clients to retain the first $170 of monthly earnings, plus 50 percent of the amount earned that exceeds $170. The other major difference between the two was that the AFDC earnings disregard gradually declined to zero after 12 months of employment, while the FIP provision is unlimited so long as recipients' earnings do not exceed the payment amount.

What those changes meant in practical terms was that FIP reduced considerably the "tax rate" on earnings of those receiving cash assistance, so it immediately made employed recipients better off than before. Upon implementation of FIP, 2,224 families (13.9% of DHS caseload) had their income increase due to the new rules. Moreover, the new earnings disregard made sure that employed beneficiaries were better off than their unemployed counterparts. Table 7 below illustrates the difference in impact.

The RIC longitudinal study found that at the time of the initial interviews (mostly between August 1998 and August 1999), the size of the earned income disregard was significantly related to being above the Federal poverty level. In response to that result, researchers Bromley and Weisman said: "This is an historic occurrence in Rhode Island as income transfer programs rarely have been documented as moving people above the FPL in the past."

What is the value of the FIP earnings disregard and supplementing low-wage levels? RIC study participants who were employed at the first-year follow-up but were receiving supplemental FIP assistance had average monthly household income of $994. This demonstrates that while they were not as well off as respondents who had left cash assistance, they were better off than those who were still on FIP but not employed. Additionally, the respondents who were still receiving cash assistance at the time of the first-year follow-up were more likely to take advantage of the earned income disregard (24.4% vs. 17.4% at baseline), and the average amount of the monthly earnings disregard had grown significantly to $427 (from $396 at baseline).

And although Wellesley's Witte and colleagues did not separate out the effects of the earnings disregard on likelihood of employment and on earnings levels, they did conclude that all the FIP policies combined had a significant effect on both outcomes. Moreover, as we have seen, the number and percentage of FIP beneficiaries who are employed has grown over the life of the program. So has the proportion of time that cash assistance clients are employed, when compared with AFDC recipients.

What about the role of food stamps and expanded medical assistance?

Food stamps: When Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, they considered changes in the Food Stamp Program as well, but ultimately decided to continue offering it as an entitlement to low-income families. Similar to cash assistance benefits, the size of food stamp vouchers is tied to family size and income level.

Thus, the RIC longitudinal study found that the value of food stamps added more to the household income of stayers than it did to those who had left by the time of the first-year follow-up interviews. The average food stamp benefit for stayers was $221 per month, compared with only $13 per month for leavers. We can imagine that as the size of the food stamp voucher dwindles, eligible people will be less likely to go through the process of re-qualifying.

The Wellesley College researchers found that a cohort of FIP recipients who left cash assistance in April 1998 were less likely to continue receiving food stamps during the subsequent two years than were a group that had left AFDC cash assistance in 1996. They say that "this is in accordance with the national trend toward under-utilization of food stamps after leaving cash assistance." (An Urban Institute national study found that former welfare recipients left the Food Stamp Program at higher rates than other families and most families who left food stamps were still eligible to receive them.)

The longitudinal study being conducted by Rhode Island College researchers found that 21.8 percent of study participants who had left cash assistance by the time of the first-year follow-up were still receiving food stamp benefits. They estimate that an additional 16 percent who are not receiving food stamps may be eligible. On the other hand, respondents who had left cash assistance were significantly less likely than stayers to feel like their families were food-insecure.

Finally, Rhode Island KIDS COUNT reports that in 2000, only 51 percent of RI children who were income-eligible for food stamps were enrolled in the program. They also report that between 1994 and 2000, Rhode Islanders' rate of participating in the Food Stamp Program declined 11 percent for adults and 15 percent for children. Another indicator helps to determine whether these trends should concern us: The Rhode Island Community Food Bank reports that the amount of food it distributed grew by 98 percent between 1996 and 2000, suggesting that food stamps are not doing enough to feed hungry people in Rhode Island.

Medical assistance: Rhode Island has distinguished

Table 7: Income of unemployed vs. employed FIP beneficiaries in 2000

Family of 3, single parent not working:		Family of 3, single parent employed:	
FIP cash assistance	$554.00/mo.	Wages (30 hrs./week @ $6.15/hr.)	$ 799.44/mo.
+ Food stamps	$305.00/mo.	+ FIP cash assistance	$ 239.00/mo.
		Earned Income Credit	$ 319.17/mo.
Total household income	$859.00/mo.	+ Food stamps	$ 221.00/mo.
		Subtotal income	$1,578.61/mo.
(= 73% of Federal poverty level)		- FICA & FICA-HI	$ 61.16/mo.
		Total household income	$1,517.45/mo.
		(= 129% of Federal poverty level)	

itself through its medical assistance program. Similar to child-care subsidies, RIte Care was designed to help low- and moderate-income working families, as well as those who were receiving cash assistance. DHS also allocated funds for outreach to enroll as many eligible people as possible. The result is that Rhode Island ranked first place among all 50 states for having the lowest percentage of uninsured residents. Only 6.2 percent of Rhode Islanders have no health insurance, while only 2.4 percent of RI children are uninsured, compared to U.S. rates of 14 percent for all residents and 11.6 percent for children.

Children's enrollment in RIte Care grew from 52,238 in 1996 to 79,738 in 2000 (52.6%). The proportion of those insured children whose parents were employed grew from 25.7 percent in 1996 to 57 percent in 2000. There are two major reasons that this is such good news: 1) health outcomes have improved for RIte Care enrollees; and 2) having assurance of continued health coverage serves as a powerful incentive for cash assistance recipients to seek employment.

In a September 2001 article of *Rhode Island Citizen*, DHS Director Christine Ferguson reported that RIte Care enrollment was associated with:

- reduced smoking rates during pregnancy;
- a higher likelihood of waiting more than 18 months between births;
- greater lead screening rates;
- improved rates of prenatal care utilization;
- higher well-child check-up rates than children in employer-based insurance programs; and
- childhood immunization rates that are comparable to children in employer-based health insurance.

And it is logical to accept that RIte Care is an employment incentive. As health insurance premiums have gone up dramatically in recent years, employers everywhere, including Rhode Island, have either dropped health coverage as a benefit or have asked employees to pay more for the privilege. Paid health coverage is an especially unlikely benefit for the low-wage jobs that FIP recipients are getting.

Wellesley's Ann Witte and colleagues said this: "It is evident from [our analyses] that an unusually large proportion of household heads continue to receive medical assistance after leaving the cash assistance system in Rhode Island." They found that among a group of FIP households that had left cash assistance in April 1998, anywhere from 35 percent to 61 percent – depending on the geographic area where they lived – were receiving medical assistance for the two years after leaving.

The RIC first-year follow-up interviews found that 52.3 percent of respondents who had left cash assistance since the previous year were still receiving RIte Care benefits. The researchers also estimate that an additional 12.7 percent of leavers were not on RIte Care but may be eligible.

The DHS study of cohorts who left cash assistance from 1997 to 2000 found that the percentage who received medical assistance within the first six months after leaving cash assistance remained steady at about 57 percent for the first three years. Then it increased substantially to 70.2 percent for the cohort that left cash assistance in April 2000 – further evidence that Rhode Island has done a good job of minimizing the number of uninsured citizens.

Are parents satisfied with their children's lives and with their child care?

Children's quality of life: The first-year follow-up report from the RIC longitudinal study suggests that FIP is succeeding quite well on this front. Mary Ann Bromley reports that 90 percent of those interviewed were either very satisfied (55%) or somewhat satisfied (35%) with their children's overall quality of life. Employed respondents were significantly more satisfied than were unemployed respondents, and leavers were more satisfied than were the stayers with their children's quality of life.

We may find part of the explanation for why stayers were less satisfied with their children's quality of life in the finding that for three out of 10 concerns, the stayers' children had significantly more problems than did leavers' children. Those areas of concern were behavioral problems, mental health problems, and difficulties with school attendance. A higher proportion of the stayers' children were receiving help with their mental health problems. (Children's learning disabilities and behavioral problems were the most frequently mentioned concerns for both stayers and leavers.)

Indicators of child well-being: The RIC follow-up study participants overwhelmingly (95%) reported that their children's health was better or about the same as the previous year. There was no difference on this indicator for employed vs. unemployed respondents or stayers vs. leavers, once again suggesting that health care provisions in Rhode Island have paid off.

Another child well-being indicator was how parents' involvement in work, training, or education had affected their children. The majority of parents (58.8%) said that their employment or work-related activities had a positive impact on their children. Examples of those improvements were children being happier and having fewer behavior problems.

RIC study parents were extremely pleased with the child care they received; 92.8 percent said child care has had positive effects on their children. Examples the parents cited were that:

- o 30.3% believed their children were learning more;
- o 23.8% thought their children were happy in child care; and
- o 19.7% liked the fact that their children could play with other children while in child care.

Has FIP contributed to family dissolution or instability?

Use of foster care: One initial concern by welfare reform observers was that the time limits and strict work requirements might cause undue family stress. One symptom of that stress, they reasoned, might be a higher incidence of children being placed in foster care. However, the number of children in foster care in Rhode Island declined 26.2 percent from 1,559 in April 1997 to 1,151 in April 2001.

Domestic violence: Another way that welfare reform might contribute to family instability relates to domestic violence. National research has found that anywhere between 20 and 30 percent of welfare recipients are current victims of domestic violence. One significant dynamic of abusive relationships is that abusers or batterers are threatened when partners try to become involved in work, training, or education since those steps would make partners less dependent on their abusers. When abusers feel threatened, the violence tends to escalate.

For that reason, Rhode Island has special FIP policies that try to keep women and their children safe from their abusers. A partnership among DHS, the Welfare Reform Implementation Task Force, and the RI Coalition Against Domestic Violence developed safeguards that:

- o give women who identify themselves as victims immediate access to a domestic violence advocate who provides an assessment and safety planning services on the spot;
- o grant temporary waivers from the requirements for cooperating in obtaining child support when it would endanger women and their children (an average of 140.2 of these waivers have been in effect each quarter since its inception); and
- o permit temporary waivers of work requirements when it is deemed advisable for safety (an average of 19.4 of these waivers have been in effect each quarter since its inception).

This Family Violence Option Program has put victims in touch with helping professionals who are knowledgeable about the risks of domestic violence and about services available to its victims. In an evaluation of the program conducted by Jane Griffin of MCH Evaluation, Inc., FIP recipients who had taken advantage of the family violence option told about what it meant to them.

- o One woman explained how the work waiver had helped her: "I was emotionally rattled at the time and it helped me not to have to worry about going back to work with all that going on."
- o Another woman said this: "At the time I needed to find an apartment that was safe and I didn't have the pressure of having to go to work."

Is anyone worse off? Who and why?

The first time people will be affected by the FIP 60-month time limit will be June 2002. Thus, Rhode Island has not yet seen the effects of forcing people off the welfare rolls due to time limits. However, we can get some idea of people who may be worse off by examining the number of sanctions imposed by DHS when adults repeatedly do not cooperate with their FIP workers. Some of the sanctions come from refusals to supply required documents; but FIP recipients who reach their 24-month limit without getting jobs also are subject to sanctions that will reduce adults' benefit gradually over time if they continue not to comply.

In January 1999, there were 425 cases subject to sanctions; that had grown to 541 cases in January 2000, and 655 cases in January 2001. This trend suggests that failure to cooperate with administrative expectations and individual FIP plans is cause for reduced cash benefits for a growing number and proportion of cases. What happens to children of adults who fail to cooperate? After 24 months of noncompliance, the cash benefit intended for such children is paid to some other appropriate person to be used on behalf of the children.

On the other hand, we could ask who is better off. As we saw above, households with working adults are better off than before, primarily because they are able to keep more of their earnings before their cash benefits are reduced.

The RIC longitudinal study found that the respondents who left cash assistance by the time of the first-year follow-up interviews not only were better off financially, they were more likely than the stayers to endorse a statement about being better off financially than a year before. The researchers also found that both leavers and stayers were somewhat satisfied with their jobs, somewhat confident they would be able to get a job, and somewhat confident that the job would support their families.

The conclusion we might make from this is that single parents who face continuing known and unknown barriers to gainful employment eventually will be worse off if they are unable to overcome those barriers before the 60-month limit is up or if they do not qualify for a hardship exemption that would extend that limit.

Summing up the employment and well-being accomplishments

So, how well has Rhode Island's version of welfare reform done what it set out to accomplish regarding employment and family well-being? It appears that the answer is a "quite well." Consider these highlights gleaned from the evaluation research on FIP:

- FIP has nearly doubled the likelihood of parents being employed when compared with its predecessor, the AFDC program – going from 20 percent in 1996 to 36 percent in 2000 – and this improved outcome should hold true regardless of labor market conditions and individual characteristics of FIP recipients.
- Increases in the RI minimum wage and FIP policies have contributed to raising former and current recipients above the Federal poverty level, with those who have left FIP being far more likely to have risen above the FPL.
- FIP and low-income adults have better access to child care and are using it while they go to work or to training and education programs; utilization of child-care subsidies has increased by 46 percent for those receiving cash assistance and risen by 146 percent for low-income families.
- FIP beneficiaries who used education and training opportunities were significantly more likely to be employed than before, and family earnings increased an average of $90 per month; DHS more than tripled the amount of money spent on job readiness, placement, training, and education between 1997 and 2001.
- FIP has encouraged low-income two-parent families to stay together and thus, contributed to their financial well-being. It also has coincided with fewer pregnant and parenting teens receiving FIP benefits directly; concurrently, there has been a decline in the birth rate and an improvement in prenatal care for this group.
- The expanded earned income disregard under FIP has ensured that employed beneficiaries are better off financially than those who are not employed. Additionally, the earnings disregard is linked to raising families above the Federal poverty level.
- It is unclear what has happened with continued access to food stamps, but several indicators suggest that some who are still eligible for food stamps after leaving cash assistance are not getting them.
- Rhode Island has proven to be particularly successful with its medical assistance policies and procedures in that it has the lowest rate of uninsured citizens (6.2%) and children (2.4%) of all states. Moreover, RIte Care has improved a number of health outcomes and provided an important incentive for FIP recipients to seek employment.

- FIP parents are satisfied both with their children's lives and with their child care, although those who are employed and those who have left cash assistance are more satisfied with their children's overall quality of life.
- FIP policies do not appear to have increased family stress as indicated by the number of children in foster care. They also have permitted an average of 160 victims of domestic violence per quarter to waive temporarily the requirement for seeking child support and for employment.
- Clearly many people are better off due to Rhode Island's FIA. But there may be people who are worse off; the number of people sanctioned for not cooperating has risen steadily over time, and their benefits have been reduced. On the other hand, it is too soon to tell whether time limits have affected FIP recipients adversely.

What about some desired outcomes that were not covered above? For example, how is Rhode Island doing on reducing its caseload and its expenditures for welfare? What's likely to happen to former FIP recipients over the long term? How do we compare with results achieved by other states? The next section will address these concerns.

Other Outcomes of Interest

In the first section of this report, we reviewed the content and intent of Rhode Island's Family Independence Act. Then in the central part of the report we addressed how well the welfare reform law had fostered recipients' employment prospects and their families' financial and overall well-being.

However, we have no doubt that interested observers will have other questions about FIA's performance during its first four years, including:

- How well did Rhode Island achieve the five goals established for its FIA?
- What has happened to caseloads?
- What are the prospects for long-term employment and cycling back onto FIP?
- Are there continuing barriers to steady employment and financial well-being?
- How do Rhode Island's results compare with other places?

We'll try to answer these questions below.

How well did Rhode Island achieve the five goals established for its FIA?

The goals projected by those who designed the law and its implementation (Family Independence Program or FIP) were that:

- o families who receive cash assistance will be able to increase their household income through employment;
- o there will be a gradual decrease in the level of cash assistance to families due to employment and the earnings disregard;
- o there will be a gradual decrease in state expenditures for cash assistance for families;
- o savings from expending less on cash assistance will be reinvested into health care, child care, education, literacy, and skills training; and
- o family cohesion will be enhanced and more stable living environments for children will be created.

Increased income through employment: As we saw earlier in this report, FIP families with employed adults have tended to increase their income and are generally better off than families without employed adults. Witte and colleagues at Wellesley College found that FIP policies increased both the likelihood of employment and the level of earnings, compared with AFDC-era rules. They report that the combination of FIP policies and a higher minimum wage in Rhode Island had raised the income of a typical FIP family by 127 percent. They also found that single-parent recipients who opted for training and education before looking for jobs were significantly more likely to be employed and family earnings increased an average of $90 per month after completing education and training, as compared to before.

And according to findings from the longitudinal evaluation being conducted by researchers at Rhode Island College, at the time of initial interviews, 4.9 percent (31 of 638) of households had cash income that put them above the Federal poverty level. By the time of the first-year follow-up interviews, the proportion of households that had income sufficient to place them above the poverty level ($13,880 for a family of three at that time) had grown to 14.1 percent – almost a three-fold increase.

A significant contributor to these positive income results was the change in the earnings disregard that essentially reduced the "tax rate" on earned income. The Rhode Island College study found that the size of the earnings disregard was significantly related to being above the Federal poverty level for families on FIP.

Additionally, the RIC study respondents who were receiving cash assistance at the time of the first-year follow-up were more likely to take advantage of the earned income disregard (24.4% vs. 17.4% at baseline), and the average amount of the monthly earnings disregard had grown significantly to $427 (from $396 at baseline).

Decreased levels of cash assistance to employed families: This projected outcome also has been achieved. DHS data in Table 8 clearly show that the average monthly cash benefit has been declining both for single-parent and two-parent families on FIP. And Table 9 (DHS data) demonstrates that there was a dramatic increase in the proportion of adults who were employed once FIP was implemented, and then it leveled off at around one-fourth of adult cases.

Another encouraging trend is that new applicants for FIP benefits are more likely to be employed than in the past, which reduces the cost per case to DHS. The proportion of employed new applicants to AFDC in April 1997 was 11.1 percent, compared with 25.5 percent of employed new applicants to FIP in December 2000.

Decreased expenditures for cash assistance: This objective also has been attained (see Figure 7). In fiscal year 1997 when FIP began, the state and Federal expenditures for cash assistance, including weatherization expenses, totaled $117.3 million. The projected expenditures for fiscal year 2002 are $87.5 million – a 25.4 percent reduction. The amount expended from state funds went from $51.5 million in 1997 to $19.9 million in 2002 – a 61.3 percent decline. Those savings come both from reduced monthly benefits for employed cash recipients and smaller caseloads, as we will see later on.

Savings reinvested in child care, health care, and education and training: All three of these areas pegged for higher spending were seen as critical for getting and keeping FIP adults in the paid labor force. As we saw earlier in this report, the evaluation research has validated these investments. DHS policies have increased the availability of, eligibility for, and utilization of reimbursed child care. The cost of this investment has grown from $18.6 million in fiscal year 1997 to a projected $68.8 million in fiscal year 2002. Simultaneously, the number of children receiving state subsidized child care has grown from 6,065 in 1997 to a projected 12,300 in 2001.

Rhode Island's investment in health care has resulted in our having the lowest rate of uninsured people for all states – i.e., 6.2 percent of Rhode Islanders have no health insurance, while only 2.4 percent of RI children are uninsured, compared to U.S. rates of 14 percent for all residents and 11.6 percent for children. There are two major reasons that this is such good news: 1) health outcomes have improved for RIte Care enrollees; and 2) having assurance of continued health coverage serves as a powerful incentive for cash assistance recipients to seek employment. Moreover, this has been accomplished at a very low cost of only $159 per RIte Care insured person per month.

Finally, there was evidence that adults receiving cash assistance were likely to have low levels of educational, literacy, and English proficiency. Thus, FIA designers thought that long-term success for employment and earnings would be dependent on education and training. Two different evaluations found that partici

Table 8: Average monthly cash benefit – April 1998 to April 2001

	Families with 1 adult	2-parent families
April 1997	$484.71	$563.48
April 1998	$460.30	$534.10
April 1999	$451.66	$471.44
April 2000	$438.63	$476.58
April 2001	$436.63	$473.10

Table 9: Adult cases with earned income – April 1997 to April 2001

	# of adults w/ earnings	Percent of adult
April 1997	2,224	13.7%
April 1998	3,936	24.1%
April 1999	4,156	26.5%
April 2000	3,628	25.3%
April 2001	2,919	22.6%

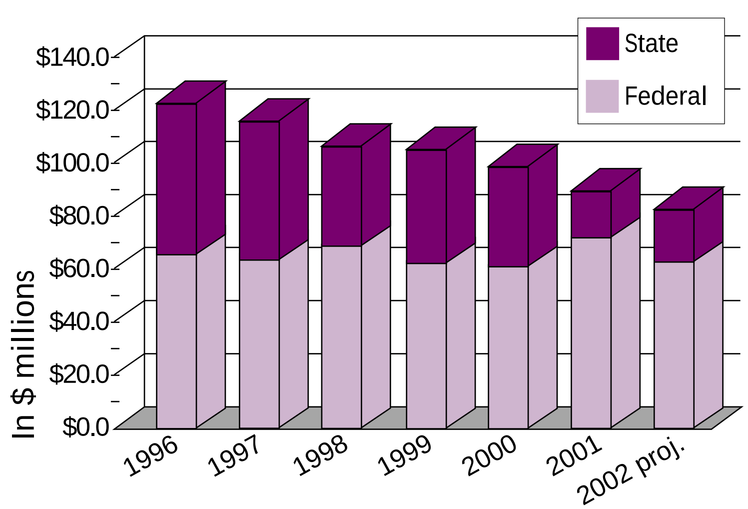
pation in education and training has increased the likelihood of finding employment and of higher earnings. DHS increased its direct investment in education, training, job readiness, and job placement from just under $3 million in fiscal year 1997 to $11.1 million in fiscal year 2001 – an increase of 270 percent. The department also collaborates actively with several parties engaged in the state's employment and training system.

Enhanced family cohesion and stability: Although this outcome is more difficult to measure, several indicators suggest that FIA has experienced some successes in this arena. FIP policies encouraged, rather than discouraged, low-income two-parent families to stay together while receiving help from DHS. Their proportion of the total cash assistance caseload went from 2.6 percent in April 1997 (before FIP) to 6.5 percent in December 2000. Additionally, two-parent FIP families appear to be doing better financially than are families with one adult, underscoring the benefits of this provision for child well-being.

There also has been a 54.8 percent reduction in the number of pregnant and parenting minor teens who receive cash assistance and a 27 percent reduction in the number of all teen parents on cash assistance. Moreover, the repeat pregnancy rate was only 3.8 percent in fiscal year 2000, and 60 percent of teens who could have earned a high school diploma or GED had done so by age 20.

What about life satisfaction for FIP families? The first-year follow-up of the RIC longitudinal study found that 90 percent of those interviewed were either very satisfied (55%) or somewhat satisfied (35%) with their children's overall quality of life. Employed respondents were significantly more satisfied than were unemployed respondents, and leavers were more satisfied than were the stayers with their children's quality of life. For three out of 10 concerns, the stayers' children had significantly more problems than did leavers' children – i.e., behavioral problems, mental health problems, and difficulties with school attendance. The majority of parents (58.8%) also said that their employment or work-related activities had a positive impact on their children – e.g., children being happier and having fewer behavior problems.

Figure 7: Total, Federal, and state expenditures for cash assistance



What has happened to the size of the FIP caseload?

Recall that FIP policies include an increased earnings disregard, compared with AFDC rules, that permit families to continue receiving cash subsidies if their earnings do not rise enough. Also remember that FIP permits adults on cash assistance to postpone employment for up to 24 months if they are participating in a DHS-approved training and education program. Considering the effects of those two conditions together, we might imagine that reductions in the caseload would not happen as fast as it has in other states that adopted a work-first policy.

And indeed, that is what happened in the early years of welfare reform. *State Policies Reports* found that Rhode Island had experienced the slowest rate of decline in its welfare roll between 1996 and 1999. During that period, Rhode Island saw a decrease of 21 percent, compared to a national average decline of 49 percent. Thus, two watchdog organizations in the state – Rhode Island Public Expenditure Council (RIPEC) and The Poverty Institute at Rhode Island College – teamed up to investigate this outcome.

Caseload reduction rate is justified: The report that RIPEC and The Poverty Institute issued in March 2001 compared Rhode Island's policies and statistics with those of eight other states – three in New England (Massachusetts, Connecticut, and Maine), and five that had comparable earnings disregard policies (Michigan, Minnesota, New Mexico, Washington, and Tennessee). Their analysis found that there were three valid explanations for Rhode Island's initial slow rate of caseload reduction:

1) The RI earnings disregard formula allows for a more gradual departure from the welfare roll if earnings remain low and it added new very low-income working families to the FIP caseload that had been ineligible under AFDC rules. Simultaneously, unemployment rates were higher and entry-level wages were slightly below average in Rhode Island during the study period.
2) Rhode Island's version of welfare reform had a later start date than seven of the comparison states. This had the effect of postponing caseload reductions since none of the procedures and supports was in place immediately after implementation. Moreover, FIA's requirement that the 60-month "clock" did not start until recipients had a signed FIP plan in place further postponed moving adults from welfare rolls to the workplace.
3) Permitting adults on cash assistance to participate in education and training for up to 24 months without having to seek employment also kept some FIP recipients on cash assistance longer than was true in work-first states.

The RIPEC/Poverty Institute study also pointed out that Rhode Island had done extremely well on three performance measures used by the U.S. Department of Health and Human Services to determine how well states were implementing welfare reform. Rhode Island performed well on improvements in job entry rate, job retention, and earnings gains. The authors of the study conclude this way:

> "At this point, while Rhode Island's welfare rolls are not decreasing at the same rate as most other states, the State's performance to date indicates that the Ocean State may be building a foundation to effectively meet long-term FIA/TANF requirements."

Caseload numbers over time: There are two years' more worth of DHS data since the *State Policies Reports* pronouncement. Where do we stand now on caseload reduction? Table 10 summarizes the trends. Even though the total reduction in caseload is still below the national average, a glimpse at the last column demonstrates that the pace of reduction is growing faster – going steadily from a 2.1 percent decline between May 1997 and May 1998 to a 7.2 percent reduction between May 2000 and May 2001.

The only category with larger caseloads are the child-only cases; these tend to be in families where the adults are eligible for Supplemental Security Income benefits due to some disability that interferes with employment. The increase in child-only cases depicted in Table 10 probably reflects improved assessment by FIP workers and subsequent referrals to appropriate benefits and other supports.

Duration on cash assistance: Also associated with this slower rate of reduction in caseloads is the finding that there has been little change in the duration of staying on cash assistance. In January 1997 before FIP was implemented, 74.6 percent of families on AFDC in Rhode Island had received cash assistance longer than two years. By April 2001, that number had gone down to 72.7 percent. In 1997, 44.6 percent of families on AFDC had been receiving cash assistance for longer than five years, compared with 47.8 percent of families on FIP in April 2001.

Migration from other states: Another concern related to the size of the FIP caseload is whether people move to Rhode Island because of its welfare policies. Some observers considered this especially likely since our neighboring states of Massachusetts and Connecticut have more stringent TANF policies.

Apparently the fear of in-migration was unfounded. The proportion of new FIP cases attributable to in-migration from other states has stayed fairly steady over the past seven years, ranging from 15.2 percent in 1998 to 18.9 percent in 1995 (average = 17.6%). The number of new FIP cases recently moved to Rhode Island has ranged from 1,100 in 1998 to 1,413 in 1995 (average = 1,257).

And although Massachusetts is the most likely origin of new FIP cases, its number one rank has remained steady since 1996, before FIP was implemented. The proportion of new cases from out of state originating in Massachusetts has hovered around 19.8 percent since 1996. The other five top places of origin for new FIP cases over the past six years are Puerto Rico, New York, Florida, Connecticut, and California.

At intake, FIP workers ask applicants who just moved to Rhode Island why they moved here. About one-fourth of the reasons cited are related to "welfare reform," while "being close to relatives" is cited another fourth of the time and "other" reasons are cited about one-third of the time.

What are the prospects for long-term work and cycling back onto FIP?

In this area, the picture is mixed. On the one hand, the Wellesley economists found that although the likelihood of employment and the level of earnings have gone up with welfare reform in Rhode Island, earnings remain low and work is erratic. The statewide average earnings for current and former FIP households is only $10,000 – more than $4,000 less than it would take for a family of three to reach the Federal poverty level. Moreover, Witte and colleagues found that current and former FIP adults typically work only 25 percent of the time overall, and that peaks and valleys in work periods reflect jobs that are highly seasonal in nature.

On the other hand, the RI-DHS study of cohorts who left cash assistance each April from 1997 to 2000 shows more positive outcomes. Of the AFDC recipients who left cash assistance in April 1997, 19.7 percent returned to assistance within six months of leaving. Four years later, only 7.6 percent FIP recipients who left cash assistance in April 2000 returned within six months, suggesting that there is some evidence of job retention and stability for leavers.

Are there continuing barriers to steady employment and financial well-being?

There are a number of barriers that interfere with successful job placement, retention, and earnings for families on cash assistance. Some are more difficult to get around than others. Examples we'll discuss here are the state of local economy, the structure and types of Rhode Island's job opportunities, insufficient affordable housing, limited transportation options, and constraints posed by children's needs and adults' capacity to function in the workforce.

The RI economy: Although we have seen throughout this report that welfare reform is working in Rhode Island, it is also evident that we still have some challenges to address. One of those mentioned in the previous section is the seasonal nature of jobs open to unskilled, inexperienced workers. Add to that the longer-term cycles in economic prosperity, we can see that steady, full employment are ideals that may be beyond the control of former FIP recipients.

Low wage levels: But aside from those fluctuations in opportunities, the fact remains that 24 percent of RI jobs pay below the Federal poverty level for a family of four if it has one full-time earner working year-round. (The comparable figure is 19.3% for Massachusetts and 16.8% for Connecticut.) Our state has been losing manufacturing jobs, which have good potential for wage hikes, and it has gained jobs in the service sector, which are lower paid and offer fewer opportunities for advancement.

Rhode Island KIDS COUNT reports that the three fastest growing jobs in the state – i.e., retail salespersons, cashiers, nursing aides and orderlies – pay less than $9.50 per hour, yielding median annual incomes that range from $13,998 to $18,970. These wage rates don't come close to a wage of $19.30 per hour that the Poverty Institute estimates single parents with two children need to provide adequately for their families if they don't have subsidies like cash assistance, child care,

Table 10: Size of caseloads on cash assistance – April 1997 to April 2001

	Families w/ 1 adult	Families w/ 2 parents	Child-only cases	Total caseload	% decline over past yr
May 1997	15,661	492	2,751	18,904	NA
May 1998	14,932	1,194	2,387	18,513	2.1%
May 1999	14,462	1,179	2,548	18,189	1.8%
May 2000	13,097	1,118	2,636	16,851	7.3%
May 2001	11,894	1,001	2,740	15,635	7.2%

and health insurance.

Lower-paying jobs also are less likely to offer fringe benefits, including health insurance. If they do, it is likely that employees have to pay part or all of the premium, especially for family coverage. Fortunately, RIte Care coverage can continue after families leave cash assistance.

Affordable housing: In Rhode Island, the high cost of housing is another serious barrier to families' financial well-being. Rhode Island's housing market is one of the least affordable in the United States. RI KIDS COUNT reports that typical low-income renters in the state spend 44 percent of their income on a two-bedroom apartment. (Any housing that costs more than 30 percent of income is considered "unaffordable.")

In December 2000, the average RI rent for a two-bedroom apartment, including heat, was $715, which would be considered affordable to a full-time, year-round worker earning $13.75 per hour. DHS reports that only 51 percent of renters in Rhode Island can afford the cost of fair-market rent for a two-bedroom apartment. Moreover, only a third of FIP recipients are living in public or government-subsidized housing.

With rent costs so high, it becomes clear how much of a burden housing costs are to low-income workers. But it also suggests that any interruption in employment could easily precipitate a crisis of having to move or being evicted that may lead to homelessness. The road back from homelessness is even harder and longer than the one leading to employment after being on FIP cash assistance for a prolonged period.

Transportation: Another costly commodity is private transportation. We saw earlier in this report that transportation that is perceived to be unreliable or inconvenient is a barrier to steady employment. For example, RIC study participants who had left FIP at the one-year follow up were significantly less likely to have missed work, training, or education in the previous year because of transportation difficulties (26.1% vs. 35.5% of the stayers had missed due to transportation). The leavers who had missed work activities due to transportation problems missed an average of 4.05 days, compared with 8.17 days missed by those who were still receiving cash assistance.

Observers could argue that low-income workers should use public transportation. After all, free bus passes are available to FIP families, only 27 percent of whom have automobiles. But that solution is easier said than done. For one thing, employed respondents in the RIC study were significantly less likely than the unemployed participants to use public transportation or have a free bus pass and they were significantly more satisfied with their transportation; this suggests an important link between work and private transportation in Rhode Island.

Secondly, the fixed routes and schedules that favor traditional working hours tend to limit their usefulness to many FIP adults. In 1998, a DHS-convened Transportation Committee surveyed FIP participants who were engaged in employment or work preparation activities to determine ways the Rhode Island Public Transit Authority (RIPTA) and the Department of Transportation could serve their needs better. The survey had a small response rate of 10.2 percent (533 people), but the results seemed plausible nonetheless. For example, 80 percent of the respondents worked or went to training and education either in the town where they live or an adjacent town.

The transportation study respondents said that it often is inconvenient using public transportation if they have to drop off children at child care on the way to work or training, since they rarely are in the same direction, let alone same location. They also said that bus trips are unnecessarily long if they have to transfer between routes, since buses use Kennedy Plaza for their hub in the metropolitan area. Finally, there were problems with buses running an hour or more apart, posing real problems if riders happen to miss them.

To respond to those limitations, RIPTA teamed up with DHS to introduce the Access to Jobs Program – a Federal and state-financed initiative to develop transportation services from urban, rural, and outlying towns to employment opportunities in suburban areas. Initially, Access to Jobs added new fixed routes in East Providence, Jefferson Boulevard, North Central Industrial Park, Providence Place Mall night service, and Quonset Point. Some were more successful than others, but even the successful routes did not solve the problems with having to drop children off at school or child care.

Hence, the Access to Jobs Program also introduced a flexible service model using vans in Woonsocket, West Warwick, Narragansett, Westerly, and Tiverton. Of the initial routes launched, program managers have deemed the Woonsocket initiative to be successful, while they judged West Warwick to be unsuccessful due to lower utilization and higher costs per passenger.

Children's needs and adult functioning: Another problem that appears to pose a barrier to full participation in employment or work-related activities is children's needs. In the first-year follow-up interviews, the RIC researchers found that respondents who were still receiving cash assistance missed significantly more days of work, training, or education due to the needs of their children, compared with respondents who had left FIP (11.21 days for stayers vs. 6.71 for leavers). These so-called stayers were more likely to cite behavioral problems, mental health problems, and difficulties with school attendance experienced by their children.

In its 2001 FIP Annual Report, DHS said that the adults who remain on cash assistance are an increasingly "hard to serve" subgroup with numerous barriers to gainful employment. The report cited such barriers as limited English proficiency, low educational attainment, poor health, learning and other disabilities, and mental illness and substance abuse. DHS officials concluded that "we must redouble our efforts to develop and expand specialized service options that will enable those with the most difficulties to succeed."

How do Rhode Island's results compare with other places?

Unfortunately, this question is difficult to answer definitively. Even though states tried different policies that would be interesting to compare with regard to outcomes, there are too many uncontrolled or unknown variables that make one-to-one comparisons inappropriate, if not impossible at this early stage. Let's illustrate that point using Rhode Island with neighboring Massachusetts.

Clearly, Massachusetts reduced its caseload more extensively and faster than did Rhode Island after implementing welfare reform. And Massachusetts had stricter rules and earnings disregard and required everyone except those with children younger than six to go right to work with the option to engage in training and education on top of employment. Can we conclude from this that more stringent rules lead to better results? Not really. In the first place, Massachusetts implemented its approach two years earlier than did Rhode Island. Secondly, if state agencies stop paying people cash benefits if they don't get jobs, then obviously the caseload will decline pretty fast. But what were their chances for gainful employment?

In 1998, Massachusetts had a lower unemployment rate and higher average wages for low-wage workers and median-wage workers than did Rhode Island. Those two differences themselves suggest different levels of opportunity for adequate employment of welfare recipients. Beyond that, it's likely that the two states have different conditions for affordable housing, adequate transportation options, educational attainment of the low-income population, and types of jobs available.

Finally, it's too soon to tell whether the people who left TANF so early in Massachusetts will have steady employment and better long-term financial prospects than Rhode Island's FIP recipients who have more supports for job training and employment. Rhode Island policy makers decided to invest in a program that would take longer to produce the desired results, so we need to wait longer to judge the full results and the conditions that produced them. But what can we say at this point four years after FIP was implemented?

#1 in health coverage: For one thing, Rhode Island's investment in RIte Care for more people has resulted in our state having the lowest rate of uninsured citizens (6.2%) and uninsured children (2.4%). Moreover, the investment has begun to pay off in better health outcomes, which should lower health care expenditures in the long run.

Slow but steady caseload reduction: As we've already seen, Rhode Island has experienced one of the slowest caseload reduction rates in the country. However, two watchdog organizations – RIPEC and The Poverty Institute – concluded that this performance was justified given FIP's implementation date and policies that emphasize work preparation and family well-being as the foundation for long-term success.

Caseload has been declining faster recently: On the other hand, the pace of caseload reduction has been increasing in Rhode Island, while it has leveled off in the states with work-first policies. The U.S. Department of Health and Human Services announced that although TANF caseloads had dropped a total of 57 percent since August 1996 when the Federal welfare reform law took effect, the rate of decline had been only three percent between September 2000 and March 2001. In Rhode

Island, the FIP caseload dropped by 7.2 percent between April 2000 and April 2001, by comparison.

Top 10 in improvements in job entry and retention: In keeping with early evidence that this approach is paying off, Rhode Island ranked 10th in the nation on improvements in job entry for its welfare population and 7th on improvements in job retention. Moreover, FIP has been recognized by *Working Mother* and *Parents* magazines for its innovative programs for child care, including the decision to provide health care benefits to child care workers. Additionally, the Tufts University Center on Hunger and Poverty cited FIA as one of the best welfare reform laws in the United States based on its potential to improve financial well-being of low-income families with children.

Progress toward lifting FIP families out of poverty: Another comparison that demonstrates the wisdom of Rhode Island's approach relates to how well off welfare families are after they obtain employment. The Center on Budget and Policy Priorities, a private research group, found that in the late 1990s single mothers who left welfare were no better off than they were before. That is, although they were earning wages as opposed to receiving cash assistance, the loss of food stamps, health coverage, and wage supplements left such families in the same financial circumstances. The proportion of female-headed households that fell below the Federal poverty level was virtually the same in 1999 as it had been in 1995 (19.4%). As we saw earlier in this report, current and former FIP beneficiaries who are employed were more likely to have incomes that placed them above the poverty level, thanks to its earnings disregard formula.

RIC study finds FIP tops national results on seven standards: A series of comparisons between the results from the RIC longitudinal study of FIP recipients and those of national studies will highlight some other notable similarities and differences. For purposes of national comparisons, the RIC researchers compared their findings to The Urban Institute's research and evaluation funded by the U.S. Department of Health and Human Services, where comparable data exist. Consider the following:

- In the RIC study of current and former FIP beneficiaries in Rhode Island, one-third of a sample of 638 study participants (34.5%) who were receiving cash benefits at baseline were not receiving cash benefits at first-year follow-up. These results compare favorably with the finding of the Minnesota Family Investment Program (MFIP) that 35 percent of MFIP participants in their sample of 843 recipients had left cash assistance by one year after their baseline. (MFIP is considered to be one of the exemplary welfare reform programs in the country – e.g., Minnesota was ranked first in the country for a combination of its 1998 job retention rate and its earnings gain rate.)
- Findings from The Urban Institute indicate that 39 percent of its1999 sample of leavers had incomes above the poverty level. By contrast, 46.3 percent of RIC study leavers were above the poverty level at the first-year follow-up, suggesting that RI leavers are faring better than the Urban Institute's national sample.
- According to a synthesis report published by the U.S. Department of Health and Human Service (DHSS), a little more than half of all leavers were employed in any given post-exit quarter and 70 percent of them worked in at least one quarter. The Urban Institute found that 64 percent of 1999 leavers were working. The employment rate among RI leavers at first-year follow-up (86.1%) is substantially higher than either of these findings.
- The Urban Institute reported that 20 percent of TANF recipients combined welfare and work in 1999. The 29.2 percent employment rate among RI stayers at first-year follow-up is higher than this national average.
- The DHSS "leavers" synthesis report said that average wages ranged from $7.52 to $8.74 an hour. In The Urban Institute's 1999 group of leavers, me

dian wages were $7.15 per hour (in 1999 dollars). The hourly rate among Rhode Island leavers at first-year follow-up (mean = $8.40; median = $8.00) is higher than The Urban Institute findings and about mid-range according to the findings from the DHSS-funded studies.

- The Brookings Institution, reporting on the effects on children of 11 employment-based welfare and anti-poverty programs, found that these programs appear to be beneficial for elementary school-aged children, particularly in their school achievement. However, the results for adolescent children suggest that welfare policies appear to be less positive for older children. They also suggest that programs with the greatest earnings supplements "appear to have more consistently positive impacts on children than programs without these supplements…[and] by comparison, programs with mandatory employment services or time limits had few effects across children's behavioral and health outcomes, and the effects that were found were sometimes positive and sometimes negative."

  The responses of the participants in the RIC study seem to lend support to the Brookings Institution's report. The reported overall positive responses of parents about their children's academic performance and behavior at home and school suggests that FIP's expanded earned income disregard, compared to that under AFDC, may be paying off in terms of the children. In addition, like the Brookings report, there were slightly less positive reports on behavior and academic performance for older children than for younger children.

- The Urban Institute's National Survey of America's Families found that 46 percent of leavers had difficulty paying mortgage, rent, or utility bills in the past year. In comparison, 32.5 percent of Rhode Island leavers stated that they always or sometimes got behind in the rent or mortgage payments and 64.7 percent said that they always or sometimes got behind in their utility bills. This suggests that RI leavers may have more financial stability.

What Is Still Unknown

Aside from the fact that we must wait to research and learn some of the long-term effects of FIP policies, there are other unknown factors that could have important impacts. The most obvious is the economic forecast for Rhode Island as it affects new jobs, job retention, and earning levels. As this report was written, the economic forecast for Rhode Island is that the current recession will last well into 2002 and perhaps beyond. So, our success in job placements and retention may be weakened over the next year or so. And we may find that more adults who left cash assistance for jobs will have to return to FIP rolls after layoffs.

A second factor we know little about as yet is the effects of time limits on welfare recipients' behaviors and subsequent well-being. This is particularly true in Rhode Island because of FIP's delays in starting the 60-month "clock." Recall that no one's time limit began until he/she had a signed FIP plan in place; that took up to two years to achieve for the entire caseload. Additionally, clients could postpone employment for up to 24 months if they engaged in DHS-approved education and training that would lead to better job outcomes.

Thus, it will not be until June 2002 that FIP time limits will affect adult beneficiaries who are not yet working at least 30 hours a week (or 35 hours a week for two-parent families). So, we can't say yet whether postponing that consequence will yield better, worse, or similar results, compared with states that required work first and started the "clock" immediately after implementing their welfare reform policies.

Nor do we know much about the psychosocial factors associated with a change of this magnitude. Children's long-term development may be affected adversely when their single parents are newly employed and have to cope with new stressors associated with juggling so much with limited resources. Furthermore, if those stressors on working parents are severe or long lasting, they may render the adults unable to work productively.

For example, one study of TANF leavers in Illinois found that respondents' feeling of well-being was a good predictor of employment and cycling back to cash assistance, rather than what we might expect to be the results of being employed. An important component of what made study subjects report a feeling of well-being was having friends or relatives who provided them with informal social support. What can welfare provisions do about such a variable?

A fourth area of uncertainty is what will happen in Congress when TANF is up for reauthorization in 2002. Will they leave things the way they are with regard to permitting states leeway in their respective designs or will they try to reintroduce more standard rules? Standardization – i.e., more mandates on what is allowed and demanded – may result in Rhode Island having to give up prematurely its experiment in placing families first instead of work first.

Or will Congress cut back the amount of money available to states for welfare reform? The 2001 FIP Annual Report said that some states that reduced their caseloads rapidly had surpluses in TANF funds. If Congress decided to cut back on the block grants to states, Rhode Island would lose much-needed money to support the child-care subsidies, earnings disregard, and other employment supportive services so critical to FIP's success.

Conclusions

Welfare reform legislation that was adopted in 1996 represented a dramatic change from the past, which in itself indicated the need to monitor the results to see whether people's behavior and their end results changed as intended. Shifts of this magnitude also offer researchers excellent opportunities to "test" how well a new policy has worked.

Rhode Island is fortunate to have the breadth and

depth of evaluation research that has been conducted on the effectiveness of its Family Independence Act. Researchers have compared RI statistics before and after implementation of the law, as well as tracked trends since its inception. We have the additional privilege of having had active and ongoing involvement in formulating, implementing, and monitoring FIA by representatives from business and RIPEC, members of the community, United Way of Southeastern New England, legislative leaders, and advocates for the poor.

Without those studies and all the voices sitting at the table, we would not be in a position to say confidently that FIA has worked quite well. Specifically, FIA has helped to improve the financial status and capacity for long-term employment for most of the target families, while maintaining or improving the well-being of children and their families as a whole through family-supportive policies.

We believe not only that these research results give Rhode Island a reason for pride, but also food for thought. Public policies are always subject to change for any number of reasons. It is our hope that the data and interpretations presented in this synthesis report will help policy makers to decide how to preserve the best elements of welfare reform – even while they contemplate ways to meet unfulfilled needs and other modifications they consider necessary as they face reauthorization.

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